BILLBOARD APPRAISAL

Sign Owner: Viacom Outdoor

PROJECT:	RAM 600-8-804 / 202L MA 000 H540101R
HIGHWAY:	RED MOUNTAIN FREEWAY
SECTION:	Higley Road – US 60
PARCEL(S):	#7-08993-S1
CONTRACT/BID:	T0048F0004/TH-05-002
APPRAISAL DATE:	February 6, 2005
REPORT DATE:	February 21, 2005

Estimated Fair Market Value: $185,000

Recommended compensation if market value is paid, but sign company keeps physical structure:
$177,300

Location of Property:	South side of Apache Trail, approximately 270 feet east of 90th Street Maricopa County, Arizona
Sign Owner:	Viacom Outdoor Mr. Bruce Brenneman 2502 N. Black Canyon Highway Phoenix, Arizona 85009 (602) 246-9569
Appraisers:	Mr. Paul Wright, ASA Mr. Jeff Wright, ASA, CFA Centerpoint Advisors 9449 N. 90th Street, Suite 108 Scottsdale, AZ 85258 (480) 657-6220

February 21, 2005

Mr. Steve Troxell
Right of Way Operations/Consultant Contracts
Arizona Department of Transportation
205 So. 17th Avenue, Room 309, MD 612E
Phoenix, Arizona 85007

RE:	PROJECT:	RAM 600-8-804 / 202L MA 000 H540101R
	HIGHWAY:	RED MOUNTAIN FREEWAY
	PARCEL(S):	#7-08993-S1
	SIGN OWNER:	**Viacom Outdoor**
	LANDOWNER:	Woo Enterprises, Inc.

Pursuant to your request, we have prepared a Summary Report of our Complete Appraisal of a billboard sign operated by **Viacom Outdoor** on the parcel noted above in **Maricopa County, Arizona**. The purpose of the appraisal is to estimate the fair market value of that sign as of **February 6, 2005** for eminent domain in a total taking. Based on the information found in our research and by virtue of our experience in other billboard appraisals, it is our opinion that the fair market value of the subject sign may be reasonably stated as:

$185,000
One Hundred Eighty Five Thousand Dollars

This conclusion is based on the analysis described in the attached report, and it is subject to all of the stated terms and conditions at the end of the report. Our appraisal was made in accordance with the principles and standards of the American Society of Appraisers, as well as the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

We would be pleased to answer any questions you may have or discuss the report in detail at your convenience.

Sincerely,

Paul Wright, ASA
AZ Certified General Appraiser No. 31045

Jeff Wright, ASA, CFA

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SUMMARY AND PURPOSE

SUMMARY

Centerpoint Advisors was engaged by the Arizona Department of Transportation to appraise the fair market value of a roadside billboard sign owned by Viacom Outdoor as of February 6, 2005. The sign is located on Maricopa County parcel 218-41-363 on the south side of Apache Trail, approximately 270 feet east of 90th Street in Maricopa County, Arizona. We evaluated the sign from various perspectives and estimate that the fair market value is $185,000.

PURPOSE

The need for this appraisal arises from ADOT's plans to exercise eminent domain and acquire a double-sided, 14×48 foot, illuminated billboard. The State of Arizona handles billboard acquisitions according to Arizona Revised Statute §§ 28-7906.

> Outdoor advertising and property right acquisition; compensation; removal; hearing
>
> A. The director shall acquire by gift, agreement, purchase, exchange, eminent domain or other lawful means all right, title, leasehold and interest in any outdoor advertising together with the right of the owner of the real property on which the outdoor advertising is located to erect and maintain the outdoor advertising on the real property, if the outdoor advertising is prohibited by this article. Damages resulting from any taking of property in eminent domain shall be determined in the manner provided by law.

Therefore, the purpose of this appraisal is to estimate the fair market value of "all right, title, leasehold and interest in any outdoor advertising" on the subject parcel.

Market value is defined by the Uniform Appraisal Standards For Federal Land Acquisitions, (Washington D.C., published December 20, 2000 by the Appraisal Institute in cooperation with the Department of Justice) as:

> *Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.*

The elements of value in a billboard sign include the leasehold interest in the land, the physical structure, and the rights conveyed by the sign permit.

SCOPE

In preparing this appraisal, we assembled market data along with the comments and opinions of knowledgeable market participants who specialize in this type of property. We estimated the fair market value of the rights and leasehold interests in the subject billboard through cost comparisons, sale comparisons, discounted cash flow analysis and capitalized income analysis. These methods provided the basis for our estimate of market value. This documented report supports our opinion of the market value of the subject billboard only limited by the Terms and Conditions and Certificate of Appraiser included at the end of the report. We conducted this appraisal in a manner consistent with other valuations of standardized billboard signs.

> *The Uniform Standards of Professional Appraisal Practice requires that appraisers identify and consider the effect on value of intangible items, including business enterprise value. In the case of the subject property and similar properties, any potential business enterprise value is inextricably tied to the real estate. In the opinion of the appraiser, no defensible means of splitting the real estate value from the business enterprise value is available beyond the value deduction associated with a market-based management fee. Hence, no additional attempt is made to divide business enterprise value from the estimated value of the property, identified in this report as either real property or tangible property.*

We invited the sign owner to provide information to be considered in this appraisal and the opportunity to accompany us for the site visit. However, the sign owner did not provide any information regarding the sign for this appraisal and did not accompany us on our site visit.

OWNERSHIP HISTORY

We requested a copy of the original building permit for the sign from Maricopa County. We also requested information about the sign from the sign owner (Viacom). However, the County and sign owner did not respond to our requests for information. Therefore, we were unable to confirm the date of construction or original ownership of the sign. According to ADOT permit number 2739 the sign was approved on June 24, 1983 and the owner of the sign was Outdoor Systems. The most current lease provided by our client (ADOT) dated May 20, 1996 indicates that Outdoor Systems was still the owner of the sign. In June 1999, Outdoor Systems sold 237,500 displays, including the subject sign, to Infinity Outdoor. In October 2000, Infinity Outdoor sold all of their displays, including the subject sign, to Viacom Outdoor.

RELOCATION

In order to determine if the billboard could be relocated or other billboards could be built in the same area, we researched local ordinances and relocation costs. Through conversations with various billboard company representatives over the years, we have found that billboard owners are usually eager to build new signs or relocate existing signs. However, they are not optimistic about the chances for a successful relocation in many jurisdictions. Maricopa County allows relocation of condemned signs with some limitations. Signs must have been removed due to condemnation, no compensation must have been awarded by the condemning authority and the sign must qualify based on the current standards of the C-2 zoning district except that the size and height may remain the same. There are no variances to be granted for any other reasons. If it were possible, the cost of relocating the subject sign would likely be between $12,900 and $13,100, based on similar sign relocation estimates in the region from Golden West Advertising and Young Electric Sign Company. This would include removal, dismantling, loading on a truck, transport, storage, transport to a new site, and erecting the subject at a new location. The subject sign is supported with one steel monopole that could be cut off and attached to a new anchor at another site. Therefore, the sign is a candidate for physical relocation.

Relocation would also require a permit for a new site. Some municipalities are more stringent than others in the permitting process. This billboard is in Maricopa County, Arizona. The County allows outdoor advertising signage in areas zoned C-2 (Intermediate Commercial), C-3 (General Commercial), I-2 (Light Industrial) and I-3 (Heavy Industrial). The subject property is zoned C-3 (General Commercial). Signs in this district signs may be up to 300 square feet, double-faced, illuminated, freestanding, but may not exceed 30 feet in height.

Selected sections of the billboard ordinances are shown below:

ARTICLE 1404.4. C-2 (INTERMEDIATE COMMERCIAL ZONING DISTRICT)
MARICOPA COUNTY ZONING ORDINANCE

1404.4.1. Signs for off-site advertising or for directing attention to a business, profession, commodity, service or entertainment conducted, sold, or offered elsewhere than upon the same premises (billboards), subject to the following: *7

1. Such sign shall not exceed 300 square feet in area.
2. Such sign may be double-faced or "V" shaped, provided the "V" shape is designed so that it is no greater than 54 inches between faces at the apex and the angle between the faces of the sign is no greater than 45 degrees.
3. Such sign may be illuminated but no flashing, intermittent or moving illumination shall be employed. Any lighting used shall be in accordance with the adopted outdoor light control provisions (see Chapter 10, Section 10013. herein). Any off-premise sign within 150 feet of a rural or residential zone boundary shall be non-illuminated.
4. Such sign shall be freestanding.
5. Such sign shall not exceed a height of 30 feet.

6. Such sign shall not be located within 100 feet of any rural or residential zoning district boundary, whether or not separated by a public right-of-way.
7. Such sign shall not be located within 500 feet of any park, school or roadside rest area.
8. Such sign shall not be audible in any manner.
9. If such sign is located within three miles of the boundary of any incorporated city or town, it shall not be located within 1,000 feet of any other off-premise sign on the same street. When such sign is greater than three miles from the boundary of any incorporated city or town, it shall not be located within 3,000 feet of any other off-premise sign on the same street.
10. Such sign shall maintain the same property line setbacks as provided for structures.
11. No billboard may be erected along any freeway or expressway under County jurisdiction. For purposes of this section, "along" shall mean within a minimum of 660 feet of any existing or adopted expressway or freeway right-of-way. *15
12. On U. S. Highway 60-89 from Estrella Freeway to Wickenburg, no billboards shall be erected within a minimum of 660 feet of said highway.
13. On State Route 74 between U. S. 60-89 and Lake Pleasant Road, no billboards shall be erected within a minimum of 660 feet of said highway.

ARTICLE 1404.5. C-3 (GENERAL COMMERCIAL ZONING DISTRICT)

1404.5.1. Signs for off-site advertising or for directing attention to a business, profession, commodity, service or entertainment conducted, sold, or offered elsewhere than upon the same premises (billboards), subject to the following: *6

1. Such sign shall not exceed 300 square feet in area.
2. Such sign may be double-faced or "V" shaped, provided the "V" shape is designed so that it is no greater than 54 inches between faces at the apex and the angle between the faces of the sign is no greater than 45 degrees.
3. Such sign may be illuminated but no flashing, intermittent or moving illumination shall be employed. Any lighting used shall be in accordance with the adopted outdoor light control provisions (see Chapter 10, Section 10013. herein). Any off-premise sign within 150 feet of a rural or residential zone boundary shall be non-illuminated.
4. Such sign shall be freestanding.
5. Such sign shall not exceed a height of 30 feet.
6. Such sign shall not be located within 100 feet of any rural or residential zoning district boundary, whether or not separated by a public right-of-way.
7. Such sign shall not be located within 500 feet of any park, school or roadside rest area.
8. Such sign shall not be audible in any manner.
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SECTION 1301. SPECIAL USES

ARTICLE 1301.1. SPECIAL USES*2:
The Board of Supervisors may permit as a Special Use any of the following uses in zoning districts from which they are otherwise prohibited by this Ordinance:

1301.1.41. Signs for off-site advertising or for directing attention to a business, profession, commodity, service or entertainment conducted, sold, or offered elsewhere than upon the same premises (billboards) provided that:*22

1. The sign is relocated from a parcel of property that is acquired by a public entity for public use by condemnation, purchase or dedication.
2. The sign must be removed due to that governmental action.
3. The public entity has not paid just compensation for the sign.
4. The standards of the C-2 Zoning District shall apply, except that the sign shall be permitted to remain the same size and height as the original sign.
5. The standards of the C-2 Zoning District shall apply, except as noted above. No further variance to the C-2 standards may be granted by either the Board of Supervisors or the Board of Adjustment.
6. Billboards may not locate in residential zoning districts; however, they may locate in rural zoning districts.

Based on current sign ordinances, Maricopa County will only allow new billboards up to 300 square feet in areas zoned C-3. The permits issued by the Arizona Department of Transportation in June 1983 and June 2003 indicate that the State considers the sign legal and conforming. We requested copies of the Maricopa County permit for the sign. However, Maricopa County did not respond to our requests for information. Therefore, we have assumed that the sign was legally permitted by Maricopa County as well. Based on the sign's size of 672 square feet, we consider the sign non-conforming with current County sign ordinances. Since County permit records were not available to document the approval of the sign, we reserve the right to amend this report and to revoke the assumption regarding the legal status of the sign given different interpretations of, or changes in, the information currently available. Like the vast majority of other large cities and counties in the United States, Maricopa County's method of billboard control is strict regulation, not a total prohibition.

BILLBOARD DESCRIPTION AND INFORMATION

BILLBOARD DESCRIPTION

This billboard has two 14×48 foot Bulletin displays with one facing east and one facing westbound traffic on Apache Trail (also known as Main Street or Old US60). The sign was originally built in June 1983, based on ADOT permit records. On the date of inspection the sign was in average condition with some typical physical deterioration noted. The structure has two displays set at an angle to Apache Trail. The sign structure is a more modern design than most signs built in the early 1980's, as evidenced by the use of a steel monopole instead of a multiple steel I-beams to support the display faces and the V shaped angle of the displays.

Both display faces are constructed with plywood panels fastened together side-by-side with three 4×6 inch horizontal wood beam stringers. These stringers attach the plywood panels to six steel vertical I-beams. Each vertical I-beam is connected to a common horizontal I-beam that ties the east and west sides of the structure together. These horizontal I-beams are resting on a torsion bar that rests on top of a steel monopole. The monopole has a circumference of 12 feet. The display faces are held at a height above ground level (HAGL) of approximately 14 feet. The advertising copy is printed on large sheets of flexible vinyl and stretched over the plywood panels on site. There are four Halophane lights under each display to illuminate the advertisements at night. The structure has safety features such as a ladder between the displays where they converge and an expanded steel platform under each display and two behind each display. On February 6, 2005, the eastbound face displayed an advertisement for "Verizon" and the smaller northbound face displayed an advertisement for "Harrah's Ak-Chin Casino."

Billboard Information (Eastbound Face)

Sign Owner (Lessee):	Viacom Outdoor
Sign Owner Identification Number:	None
Type of Sign:	Bulletin
Dimensions:	14 × 48 feet
Height Above Ground Level:	14 feet
Structural Support:	Steel Monopole (12 foot circumference)
Face Materials:	Printed vinyl stretched over plywood panels
Illumination:	Four Halophane lamps
Safety Features:	Expanded steel platforms and ladder
Date Constructed:	June 1983
Condition:	Average
Primary Visibility:	Eastbound traffic
Advertiser:	Verizon
ADOT Permit Number:	2739
Maricopa County Permit:	Not Available
County Legal Status:	Legal (assumed) Non-Conforming (Size)

Billboard Information (Westbound Face)

Sign Owner (Lessee):	Viacom Outdoor
Sign Owner Identification Number:	None
Type of Sign:	Bulletin
Dimensions:	14 × 48 feet
Height Above Ground Level:	14 feet
Structural Support:	Steel Monopole (12 foot circumference)
Face Materials:	Printed vinyl stretched over plywood panels
Illumination:	Four Halophane lamps
Safety Features:	Expanded steel platforms and ladder
Date Constructed:	June 1983
Condition:	Average
Primary Visibility:	Westbound traffic
Advertiser:	Harrah's Ak-Chin Casino
ADOT Permit Number:	2739
Maricopa County Permit:	Not Available
County Legal Status:	Legal (assumed) Non-Conforming (Size)

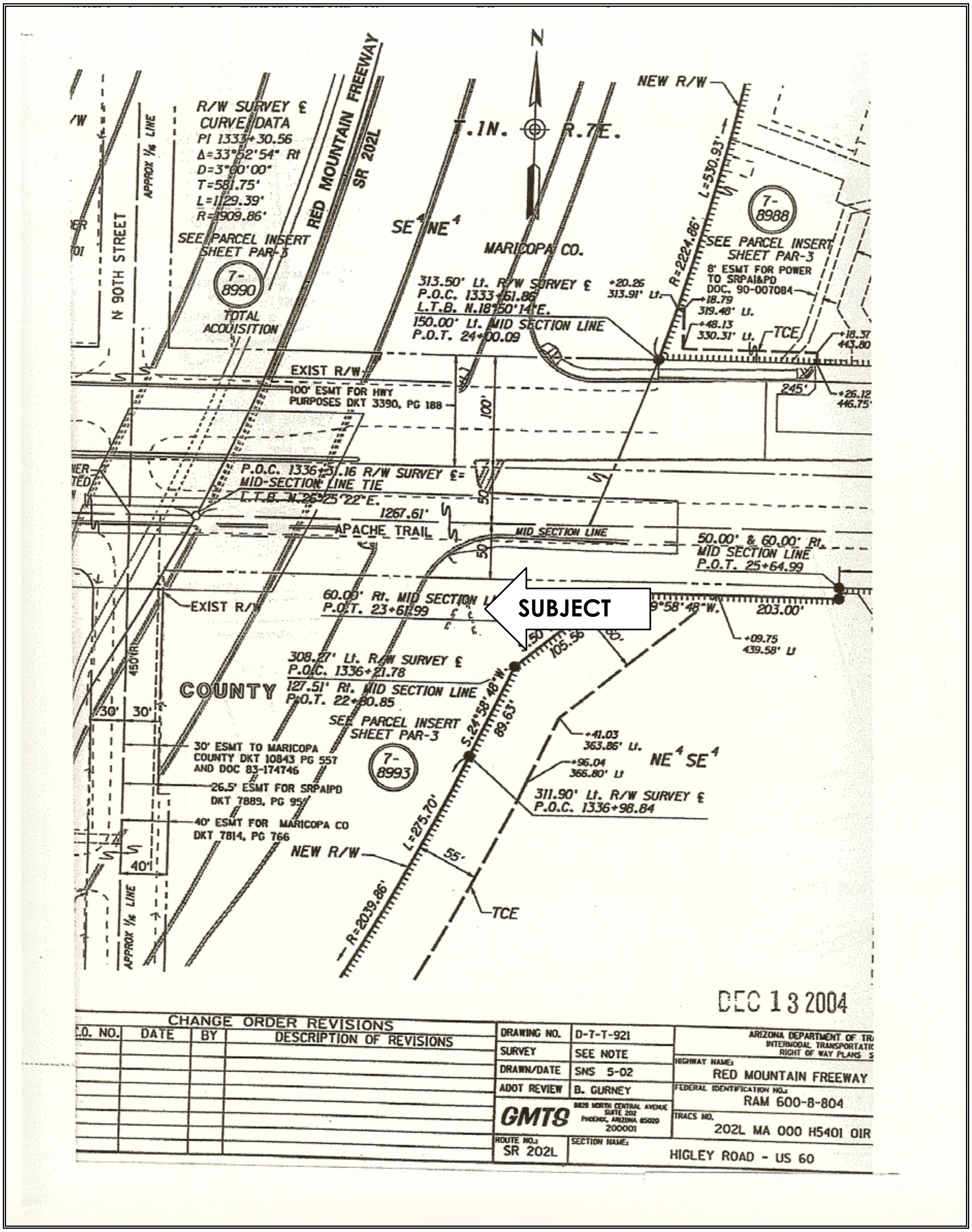
PHOTOGRAPHS

Looking at the Subject Bulletin's eastbound display (Viacom)

South side of Apache Trail, approximately 270 feet east of 90th Street
Maricopa County, Arizona

Looking at the Subject Bulletin's westbound display (Viacom)

SITE MAP


N
R/W SURVEY ℄ CURVE DATA
PI 1333+30.56
Δ=33°52'54" Rt
D=3°00'00"
T=581.75'
L=1129.39'
R=1909.86'
SEE PARCEL INSERT SHEET PAR-3
7-8990
TOTAL ACQUISITION
N 90TH STREET
APPROX 1/16 LINE
RED MOUNTAIN FREEWAY
SR 202L
T.1N. R.7E.
SE 1/4 NE 1/4
MARICOPA CO.
NEW R/W
L=530.93'
R=2224.86'
7-8988
SEE PARCEL INSERT SHEET PAR-3
8' ESMT FOR POWER TO SRPAI&PD DOC. 90-007084
313.50' Lt. R/W SURVEY ℄ P.O.C. 1333+51.86 L.T.B. N.18°50'14"E.
150.00' Lt. MID SECTION LINE P.O.T. 24+00.09
TCE
EXIST R/W
100' ESMT FOR HWY PURPOSES DKT 3390, PG 188
100'
245'
P.O.C. 1336+51.16 R/W SURVEY ℄= MID-SECTION LINE TIE L.T.B. N.26°25'22"E.
1267.61'
APACHE TRAIL
MID SECTION LINE
50.00' & 60.00' Rt. MID SECTION LINE P.O.T. 25+64.99
EXIST R/W
60.00' Rt. MID SECTION LINE P.O.T. 23+61.99
SUBJECT
203.00'
308.27' Lt. R/W SURVEY ℄ P.O.C. 1336+21.78
127.51' Rt. MID SECTION LINE P.O.T. 22+80.85
COUNTY
SEE PARCEL INSERT SHEET PAR-3
7-8993
S.24°58'48"W.
89.63'
NE 1/4 SE 1/4
311.90' Lt. R/W SURVEY ℄ P.O.C. 1336+98.84
30' ESMT TO MARICOPA COUNTY DKT 10843 PG 557 AND DOC 83-174746
26.5' ESMT FOR SRPAIPD DKT 7889, PG 95
40' ESMT FOR MARICOPA CO DKT 7814, PG 766
NEW R/W
L=275.70'
R=2039.86'
55'
TCE
DEC 13 2004
CHANGE ORDER REVISIONS
C.O. NO. DATE BY DESCRIPTION OF REVISIONS
DRAWING NO. D-7-T-921
SURVEY SEE NOTE
DRAWN/DATE SNS 5-02
ADOT REVIEW B. GURNEY
GMTS
HIGHWAY NAME: RED MOUNTAIN FREEWAY
FEDERAL IDENTIFICATION NO.: RAM 600-8-804
TRACS NO. 202L MA 000 H5401 01R
ROUTE NO.: SR 202L
SECTION NAME: HIGLEY ROAD - US 60

SITE DESCRIPTION

The subject property is a billboard located on the south side of Apache Trail, approximately 270 feet east of 90th Street in Maricopa County, Arizona. This parcel is surrounded by property that has been annexed by the City of Mesa, but it is still unincorporated Maricopa County, Arizona. The billboard is on ADOT Parcel number 7-08993-S1 and Maricopa County Assessor parcel number 218-41-363. The billboard displays are mounted at an angle to Apache Trail (also known as Main Street or Old US-60), which has three eastbound and three westbound lanes. Apache Trail is a divided asphalt-paved roadway with a speed limit of 50 miles per hour. The north and south sides of Apache Trail in this area are primarily retail and light commercial properties or vacant land with some residential uses. The billboard is set at an angle that creates good visibility in both directions. To access Apache Trail and see the sign, cars can turn west off of Ellsworth Road onto Apache Trail or turn east onto Apache Trail at Sossaman Road. The sign is affixed to land that is owned by Woo Enterprises, Inc. The parcel is zoned C-3 (General Commercial) by Maricopa County, and was undeveloped vacant land on the date of our inspection (February 6, 2005).

Site Information

Landowner (Lessor):	Woo Enterprises, Inc.
County Parcel Number:	218-41-363
ADOT Parcel Number	7-08993-S1
Location:	South side of Apache Trail, approximately 270 feet east of 90th Street
Neighborhood:	East: Vacant Land / McDonalds
	West: Vacant Land / Commercial
	North: Apache Trail / Vacant Land
	South: Vacant Land / Residential
Nearest City:	Mesa
County:	Maricopa
Parcel Shape:	Rectangular
Parcel Topography:	Level (adequate drainage assumed)
Zoning Classification:	C-3 (General Commercial)
Electric Utilities:	SRP (Salt River Project)

LEASE DESCRIPTION

Viacom Outdoor leases thousands of locations throughout the United States for operating an outdoor advertising business. The company pays ground rent to landlords, and then rents the advertising faces to advertisers for periods of time such as one month, three months, and so forth. We requested a copy of the lease from Viacom Outdoor and they did not respond. However, we did receive a copy of the subject billboard site lease from our client (see Appendix for copy of the lease). We also spoke with the landowner to confirm that no changes in the advertising rate or terms of the lease have occurred. The lease commenced June 1, 1996 for an initial term of five years and renewed for a like term (an additional five years) on June 1, 2001. The lease would likely renew again on June 1, 2006 unless terminated by either party at least 30 days prior to the end of the term. The lease requires Viacom Outdoor (lessee – sign owner) to pay the landowner $4,800 per year.

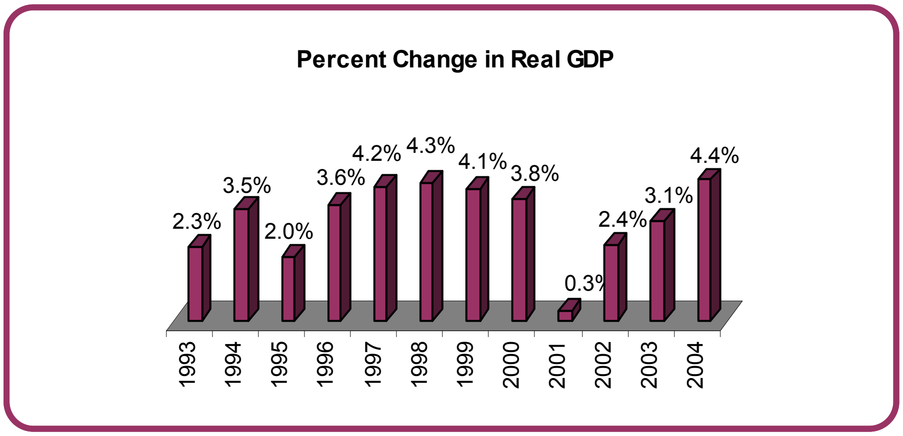
<u>Lease Information</u>

Lessee:	Viacom Outdoor (formerly Outdoor Systems, Inc.)
Lessor:	Woo Enterprises, Inc.
Commenced:	June 1, 1996
Renewed:	June 1, 2001
Expiration:	May 31, 2006
Term:	5 years
Annual Base Rate:	$4,800
Escalation:	None Scheduled
Expenses:	Net (all billboard related expenses paid by lessee)
Non-Cash Compensation:	None
Renewal Options:	The agreement renews for like terms unless terminated at the end of such term or additional term by either party with at least 30 days notice.
Cancellation Clause:	Lessee can cancel with 30 days notice if sign cannot be legally maintained, if visibility is obstructed or if vehicular traffic is significantly diminished.
Obstruction Clause:	Lessee has permission to trim growth obstructing the visibility of the sign.
Condemnation Clause:	Lessee's participation in any award granted shall be limited to damages to Lessee's leasehold interest.

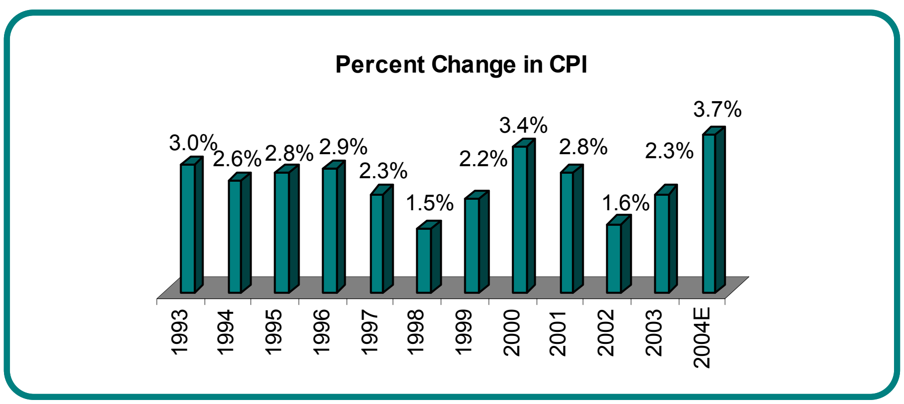
ECONOMIC AND MARKET CONDITIONS

National Economy Conditions

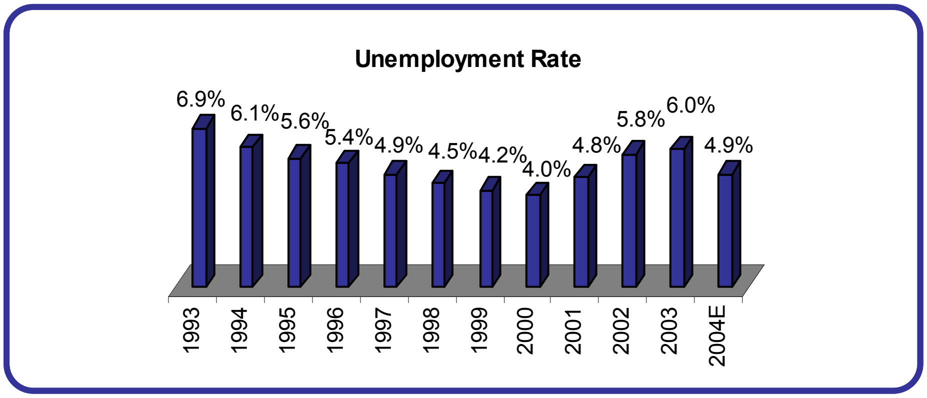
As of January 23, 2005, the U.S. economy was growing at an average rate. After achieving normal growth rates for most of the 1990s, the recession that began in the first half of 2001 ended the trend. Manufacturing had slowed significantly before the terrorist attacks of 9/11, which added to existing problems. Normal growth resumed in 2002 and eventually reached strong conditions by 2004. At the appraisal date, Gross Domestic Product was growing at an annualized rate between 3% and 3.5% based on the results for the fourth quarter of 2004.



Consumer price increases were tame in the 1990s compared to the high rates of inflation experienced in the 1970s. The Consumer Price Index (CPI) increased between 1.5% and 3% annually during the past decade, except in 2000 when the increase was 3.4%. Stable inflation is expected in the next few years.



During the 1990s, Americans enjoyed the best job market on record, with the unemployment rate declining every year from 1993 through 2000. With the onset of the economic recession in 2001, businesses began laying off workers and unemployment started to rise. Between 2.5 million and 3 million jobs were lost in 2001 and 2002, partly because a major segment of manufacturing was shifted overseas and some technology jobs were outsourced to countries such as India and Pakistan. Economists do not expect many of the manufacturing jobs to return to the U.S., and the technology jobs will probably return only if American workers accept lower pay.



The economic recovery was in some doubt as late as the summer of 2003, but the third quarter exploded in growth. Normal growth would have been about 6%, which is very strong by any measure. The tax cut enacted earlier that year threw gasoline on the fire. Economic growth in the third quarter of 2003 rocketed upward by 8.2% and corporate profits soared. The growth rate dropped back to normal in the following quarters.

At the appraisal date economists were hopeful about future growth, based on strong growth overall for 2004 and a weaker fourth quarter.

> *The economy finished 2004 with its best performance in five years despite slowing in the final stretch. The outlook ahead: a moderate jog, rather than a sprint. The broadest barometer of the country's economic standing, the gross domestic product, clocked a 4.4 percent increase for all of last year, spurred by brisk consumer and business spending, the Commerce Department reported Friday. The latest snapshot of GDP, which measures the value of all goods and services produced in the United States, exceeded a 3 percent registered in 2003 and was the strongest showing since a 4.5 percent gain in 1999.*
>
> *It wasn't all smooth sailing. In the October-to-December quarter, the economy grew at a 3.1 percent annual rate, itys most sluggish pace since the first quarter of 2003. In the third quarter, the economy expanded at a 4 percent rate. Although economists had expected a 3.5 percent growth rate in the fourth quarter, they said 3.1 percent was still respectable and not as weak as the number suggested. The deceleration in the fourth quarter from the previous quarter mostly reflected a drag on growth from the nation's swollen trade deficit. That shaved a sizable 1.73 percentage points off fourth-quarter GDP.*
>
> *For all of 2005, analysts believe GDP will increase in the range of 3.5 to 3.8 percent, which would be slower than 2004 but still solid[1].*

We consider the national economy a neutral factor in this appraisal.

[1] 2004 Economy Best in Years, Jeannine Aversa, Associated Press, January 29, 2005.

Neighborhood Map

Local and Regional Economic Conditions

The local and regional economies were very strong during the decade of the 1990s. Gross State Product (GSP) in Arizona rose an average of 7.5% per year between 1991 and 2000, and the state ranked among the top six states every year. Population growth was also strong, ranging from 6% to 8% every year from 1992 through 2000. Because economic growth was based on fast growing population, the per capita economic growth rate was actually below the national average.

According to 2000 population census figures and economic statistics, Arizona was one of the top growth states in the nation during the 1990s. The percentage of population growth was number two behind Nevada.

Arizona Population & Economy Rank in the 1990s

Population Growth Rate			Total Population Increase			Annual Economic Growth		
1.	Nevada	66.3%	1.	California	4,107,500	1.	**Arizona**	**7.5%**
2.	**Arizona**	**40.0**	2.	Texas	3,871,500	2.	Nevada	7.0
3.	Colorado	30.6	3.	Florida	3,041,000	3.	Oregon	6.8
4.	Utah	29.6	4.	Georgia	1,709,800	4.	Colorado	6.6
5.	Idaho	28.5	5.	**Arizona**	**1,465,900**	5.	Idaho	6.6

These figures reveal the underlying population growth that has driven the Arizona economy to new heights in the past several years. The only states with faster growth were either building from a much smaller base (Nevada), or growing simply because they already have very large populations (California, Texas, Florida).

The dramatic growth of the Phoenix economy in the late 1990s was fueled largely by in-migration, real estate and business development, and rapid growth of the job market. Continuing population and employment growth led to declining vacancy rates in all major commercial real estate sectors, which in turn attracted capital for development from a variety of local, national and international sources. Declining interest rates encouraged single-family development at record levels in the late 1990s, stimulating additional retail development. An attractive business environment and low land and construction costs encouraged numerous businesses to relocate to Arizona or expand existing facilities.

Arizona has a fairly well-balanced employment base that includes both private industry and government entities. The largest employers in the state are listed below.

Employer	Employees
State of Arizona	50,360
Wal-Mart Stores	18,700
Banner Health Systems	13,700
Maricopa County	13,500
City of Phoenix	13,000
Honeywell International	12,000
U.S. Postal Service	11,400
Raytheon Co.	10,200
Arizona State University	10,000
Albertson's – Osco	9,500
Intel Corp.	9,500
Basha's Inc.	9,400
Safeway Stores	9,100
Fry's Food & Drug	9,100
Target Corp.	9,000
Wells Fargo & Co.	9,000

Source: Book of Lists 2004, The Business Journal

In addition to the above list, other major private employers include America West Holdings, Qwest Communications, Bank One, American Express, Pinnacle West Capital Corp., Bank of America, Motorola, and Walgreen Co. These and other employers in Arizona added to payrolls in 2004 and helped to push the economy up past the "recovering" stage that had prevailed since 2002.

Many economists felt that the economy was performing well at the appraisal date.

> *Propelled by above-average job growth and wage and salary increases, metro Phoenix has leaped to third place on the Best Performing Cities index put out by the California-based Milken Institute. The index, released today, measures economic performance of the country's 200 largest metro areas. Index components include job growth, wage and salary changes and the concentration of high-tech industries in an area. Measurements are made over five-year and one-year periods. Fort-Myers-Cape Coral, Florida, topped the list, followed by Las Vegas. Metro Phoenix jumped to third from 43rd place last year. Tucson also moved into the top 20 at No. 17, up from No. 40 last year. But metro Phoenix's 1.6 million-job economy dwarfs both Fort Myers, which has about 195,000 jobs, and Las Vegas, with its 865,000 jobs. "For a metro area that has high dependence on high tech, Phoenix has performed very well", said Ross DeVol, the report's lead author. "That's partly due to strong presence of defense contractors." Both Phoenix and Tucson benefited from ramped-up government spending on defense and homeland security, which helped offset the downturn in high-tech manufacturing, the report said.*[2]

The Phoenix and Arizona economies are likely to continue performing at a level above the national average for a long time to come. During the summer of 2004, Phoenix became the largest new-home market in the nation when it passed Atlanta in the number of new housing starts year-to-date. We consider local and state economic conditions to be a positive factor in this appraisal.

The subject sign is located in Mesa on the south side of Apache Trail, east of 90th Street, which is dominated by older retail uses including landscaping material retailers, auto repair shops, used car lots, mobile home parks and other miscellaneous retail uses. There has been some new development in the area, but it is consistent with the older existing uses. Many new home developers have been building homes a few miles to the southeast and northwest of the subject sign. Apache Trail used to be known as Main Street and US-60, then as Apache Trail and Old US-60 and it is still considered a major arterial for east and westbound commuters between Apache Junction and Mesa. Overall, the economic outlook for Mesa and this area in particular are a positive factor in this appraisal.

[2] Area Performance Jumps, Jonathan J. Higuera, *The Arizona Republic*, November 17, 2004.

Advertising Market

Sales and Marketing Management is a trade publication for marketing and advertising professionals. Every Fall the editors publish a *Survey of Buying Power* for media planners and market researchers. The survey ranks media markets, defined by Nielsen Media Research based on Population (the demographic factor), Retail Sales (the distribution factor) and Effective Buying Income (the economic factor). The Buying Power Index is a weighted index calculated by converting the three factors into a measurement of a market's "ability to buy," and expressing it as a percentage of the national total. The top 210 markets in the United States are listed in that publication. Media planners use the survey to plan advertising campaigns and prioritize the markets that they target. Phoenix, Arizona is among the top 50 markets in the country. The following table shows the rankings for this market in relation to other media markets.

2004 MEDIA MARKET RANKINGS

Category	New York, NY	Phoenix, AZ	Seattle, WA	Tucson, AZ
Population	1	13	12	72
Total Retail Sales	1	14	13	77
Effective Buying	1	15	12	70
Buying Power Index	1	14	12	74

Source: *2004 Survey of Buying Power: Media Market Rankings*, (Sales & Marketing Management 2004)

Compiled by: SignValue, Inc.

In 2004, the Phoenix media market ranked 13th in population, 14th in total retail sales, and 15th in terms of effective buying income. Therefore, the Phoenix media market ranked 14th out of the top 210 markets in the United States in terms of Buying Power. Outdoor advertising companies typically talk about markets in terms of whether their assets (billboards) are in the top 50 markets or in the top 250 markets. The Phoenix ranking is considered attractive to national advertisers and a positive factor in the appraisal since it is in the top 50 media markets in the country.

DEMOGRAPHICS

Demographic data generally helps to characterize or define a neighborhood. However, this information has a limited ability to characterize the vehicle occupants passing a billboard. In fact, based on recent studies, only about 5% of freeway traffic, 13% of major arterial traffic and 25% of local street traffic originates within the same zip code as a billboard. Traffic data collection and analysis can better define the demographic make-up of the occupants that pass a particular location. However, these kinds of studies are relatively new, laborious, expensive and may not be statistically reliable. Therefore, most advertisers and billboard operators still rely on more general neighborhood and city demographic information. The following demographics help to illustrate how the entire state and city compare with the area within a three-mile radius of the subject billboard.

2004 DEMOGRAPHICS

Description	Arizona	Mesa	3 mile Radius Around 90th St & Apache Trail
Population	5,684,787	439,885	70,471
Average Household Income	$60,728	$59,394	$52,299
Median Property Value	$136,049	$135,415	$116,008
Drive Alone to Work	75%	76%	78%
Average Commute Time (Minutes)	27	29	34
Households with Two Vehicles	40%	39%	40%

Source: Claritas, Inc.

The average household income in the subject neighborhood is below the median income in Mesa and Arizona. The median property value of a home within three miles of the subject billboard is also lower than the median property value of homes in Mesa and Arizona. The percentage of people that drive to work alone is higher than the average throughout Mesa and Arizona, but it takes them longer to get to work than the average commuter in Mesa. The same number of households in the subject neighborhood has two vehicles as the number of households in Mesa and Arizona. Based on the below average income, below average property values and driver profiles of the neighborhood, the demographic characteristics in the surrounding neighborhood are a negative factor. However, because the majority of passing occupants do not live in the area we consider demographics a neutral factor.

Through numerous discussions with sign companies, brokers and consultants over the last several years, we understand the Valley has multiple primary target areas for advertisers.

One of the areas is the City of Scottsdale in the northeast portion of the Valley, bounded on the north by the McDowell Mountains. This area has been developed into a "high-end" residential area where consumers generally have higher than average discretionary income, but new sign sites are not available there. Another of these areas is Downtown Phoenix and the Central Business District. For obvious reasons, sign companies want to have many locations where professionals and executives commute to and from their offices. In addition to these areas, Interstates 10 and 17 are desirable locations due to their high traffic volumes. Both Interstates are lined with billboards in older parts of the Valley where traffic is heavy and restrictions were nearly non-existent 30 years ago. Finally, when advertisers buy outdoor advertising in the Valley they often expect to have Mesa signs included in their package. Advertisers expect this because they rely on Metropolitan Statistical Area (MSA) reports from the Census Bureau to identify target markets and these reports refer to the Phoenix area as the Phoenix/Mesa MSA. The subject sign is on the south side of Apache Trail, west of Ellsworth Road in Mesa, Arizona. This area is considered a primary target for advertisers.

TRAFFIC COUNT / DAILY EFFECTIVE CIRCULATION

The Traffic Audit Bureau (TAB) is an organization created by advertising agencies and sign companies to help advertising buyers choose between sign companies. TAB reports the number of billboards a company has in a particular market and the average number of travelers that pass each sign within that market. TAB uses traffic count data from government reports and manual counts from sign companies to calculate the average number of travelers over age 17 that pass by illuminated and non-illuminated billboards in most markets. This involves collecting, validating, categorizing and analyzing data. The first analysis involves determining the amount of time that a billboard is illuminated (i.e. illuminated 24 hours, 18 hours, or 12 hours). The second part of the analysis has two steps. The first involves calculating the number of travelers in each car who are 18 years of age and older or applying a load factor. TAB currently uses a load factor of 1.38 based on the Federal Highway Administration's most recent Nationwide Personal Transportation Study. The second step determines the number of travelers that pass the location in just one direction, accomplished by dividing the result by two. The outcome of this analysis is referred to as the Daily Effective Circulation (DEC) of a billboard face. The following calculations show how factors for 12, 18 and 24-hour exposure periods have been developed.

DERIVATION OF FACTORS FOR OFFICIAL COUNTS

Period of Exposure		Formula		Factor
24-Hour	=	$\frac{100 \times 100\% \times 1.38}{2}$	=	0.69
18-Hour	=	$\frac{100 \times 95\% \times 1.38}{2}$	=	0.656
12-Hour	=	$\frac{100 \times 66.6\% \times 1.38}{2}$	=	0.46

Source: The Traffic Audit Bureau

Since the subject billboard is equipped for illumination, the sign is considered visible for 24 hours per day. The Arizona Department of Transportation reported that the official traffic count on Apache Trail (Old US60), between Hawes Road and Ellsworth Road averaged 17,100 cars per day in 2003 (the most recent counts available). By applying TAB's factor of .69 (for 24 hours of illumination) to the official traffic count on Apache Trail, we determined that 11,799 occupants (18 years of age and older) are exposed to the display daily. The calculation is shown as:

Apache Trail (Eastbound and Westbound)
17,100 (AVERAGE DAILY TRAFFIC) × .69 = 11,799 (DAILY EFFECTIVE CIRCULATION)

In order to qualify for secondary or tertiary arterial circulation credit, TAB requires that Bulletins be within 250 feet of secondary arterials. However, they do not need to be angled to oncoming traffic. The subject sign is set back from 90th Street (the secondary arterial) by approximately 270 feet. Therefore, we have not considered this road a qualifying secondary arterial based on TAB's minimum visibility guidelines for circulation credit.

In the past, TAB plant members were required to calculate a DEC for every sign in their inventory and report the average DEC for all of their signs in each market. TAB audited these reports and published the average DEC for each plant in the market and the average DEC for all signs in that market. In February 2001, TAB announced a new traffic counting policy. The new policy takes traffic calculations and reporting out of the hands of plant operators. During 2001, plant operators were required to assign each of their billboards to an official counting station, and an independent company was hired to collect traffic count information from these locations and report it directly to TAB.

Viacom Outdoor has likely assigned every billboard in their Arizona plant to a traffic counting station. However, TAB has not audited any of the company's Bulletin displays in this market since October 1997. It is unknown why Viacom's signs have not been audited since October 1997. Clear Channel Outdoor has assigned every billboard in their Phoenix plant to a traffic counting station. In December 2004, TAB audited DEC statistics for Clear Channel's Bulletins in the Phoenix market. This audit concluded that Clear Channel Outdoor's average DEC for 543 illuminated Bulletins was 48,500 and the average for 42 non-illuminated Bulletins was 19,900.

AVERAGE DAILY EFFECTIVE CIRCULATION
BULLETINS
PHOENIX, ARIZONA

Sign Owner	Number of Illuminated Bulletins	Average Illuminated DEC	Number of Non-Illuminated Bulletins	Average Non-Illuminated DEC
Clear Channel Outdoor	543	48,500	42	19,900
Viacom Outdoor	217	44,000	32	18,100
Market Totals/Averages	**760**	**47,215**	**74**	**19,122**
Subject Displays	**2**	**11,799**	**---**	**---**

Traffic Audit Bureau – MSA Market Summary (Clear - December 2004, Viacom - October 1997)

The subject's illuminated displays had a DEC of 11,799, which is well below the average DEC of 47,215 reported for 760 similar illuminated displays in the Phoenix Media market. Therefore, we consider the Daily Effective Circulation at this location on Apache Trail to be a negative factor in the appraisal.

VISIBILITY

In 1989, Peter Riordan and the American Association of Advertising Agencies developed an Outdoor Visibility Rating System (OVRS) that was distributed by the Traffic Audit Bureau to help sign companies and advertising agencies quantify the visibility of billboards. This rating was intended to help advertising buyers choose between outdoor advertising companies based on the average visibility of each sign plant. Some faces are not eligible to be rated through this system, and can be eliminated based on the following four factors: 1) faces that have more than a two-panel facing, 2) signs with inadequate distance from the approach lane, 3) signs with an awkward angle of the face to oncoming traffic, and 4) signs with inadequate visibility time. If the sign is eligible it receives a base of 10 points, and then bonus points are awarded for an additional set of positive characteristics. The average Outdoor Visibility Rating (OVR) reported by TAB from 1990 to 1993 (the latest available) was 18.5 nationwide. We calculated an OVR for the subject sign using the same methodology.

The subject has advertisements directed at eastbound and westbound traffic on the Apache Trail. Eastbound and westbound visibility on this arterial met all of the eligibility guidelines to be rated under the Outdoor Visibility Rating System. Due to the terrain in the western United States, long approach times (10 to 15 seconds) are quite common on highways and city streets. The unobstructed eastbound approach to the "Verizon" display is approximately 22 seconds, which is considered a positive factor. There are no trees or buildings that obstruct visibility of the sign throughout the approach. There are five power poles and some on premise flags and flag poles that move through the read during the eastbound approach. There is virtually no clutter around the billboard that competes for attention. There are no commercial or industrial properties on the east or west sides of the street to present any distractions. Based on the OVRS guidelines, the face visible on eastbound Apache Trail received an outdoor visibility rating of 21, which is well above the national average of 18.5.

The subject sign also has an advertisement directed at westbound traffic that met all of the eligibility guidelines to be rated under the Outdoor Visibility Rating System. The unobstructed westbound approach to the "Harrah's Ak-Chin Casino" display is approximately 20 seconds, which is considered above average as well for this region. The sign is obscured by a tree in the middle of the approach, which limits visibility for approximately 1 to 2 seconds. In addition, there is one light pole, two power poles and a traffic sign that move through the read of the westbound display. The location of the sign creates some additional read time when stopped at the Ellsworth Road traffic light. Based on the OVRS guidelines, the face visible on westbound Apache Trail also received an outdoor visibility rating of 21, which is well above the national average of 18.5.

COMPETITION

There are two types of competition to consider when evaluating a billboard. The first and arguably the most important is "area" competition. Billboards within one mile of an outdoor advertising sign tend to compete for advertising dollars. Because billboards within this area likely have similar traffic counts, competition is usually based on comparisons of demographics, size, setback, height, read time and overall visibility. We identified four 8-Sheets, eight 30-Sheets and 27 other Bulletin displays that compete for advertising dollars in the area along Apache Trail between 82nd Street and 98th Street (see neighborhood map). The number of billboards within one mile of the subject billboard represents a moderate to high level of competition, which is a negative factor in this appraisal.

The second type of billboard competition is "approach" competition. Signs that are visible during the approach or "read" of the subject billboard compete for the attention of motorists, as well as advertising dollars. The added competition for attention (or distraction) that these signs can present during the approach to a sign can also affect its value. There are four billboards visible during the eastbound approach and five billboards that are visible during the westbound approach to the subject sign. Therefore, we consider approach competition a moderate or a neutral factor.

ESTABLISHED LOCATION

Established locations are valuable to a sign company because new sites are often difficult to obtain. There is some discrepancy between the billboard industry and scenic advocacy groups regarding the number of billboards in the United States. According to TAB, the number of Clear Channel Outdoor's (formerly Eller Media) Rotary Bulletin locations in Phoenix has been increasing since 1993, growing from 285 in December 1993 to 361 in August 2000 to 543 in December 2004. This is an increase of 258 sign locations or 90% over an 11-year period. Viacom Outdoor's audit figures indicate that their number of Rotary Bulletins increased from 187 to 249 or 37% between December 1993 and October 1997. These increases can most likely be attributed to the acquisition of signs from small businesses and individual sign owners over the last 10 years with fewer companies controlling more signs. However, our research indicates that there are fewer signs overall today than there were 10 years ago. Viacom Outdoor's 30-Sheet Poster inventory has decreased during the same period. In November 1988, TAB reported that Outdoor Systems (now Viacom Outdoor) had a total of 1,681 30-Sheet Poster displays in the Phoenix area. In October 1997, TAB reported that Infinity Outdoor (now Viacom Outdoor) had a total of 1,365 30-Sheet Posters, or 18.8% fewer displays.

Scenic America, a scenic advocacy group, insists the number of billboards is increasing nationwide. Scenic America concentrates its efforts on reducing the number of billboards on federally funded highways. In 1996, Scenic America conducted a survey of the Department of Transportation offices in 46 states to fill in perceived gaps in the Federal Highway Administrations statistical reports. In their report titled, "The Highway Beautification Act – A Broken Law," the Scenic America listed Arizona among the states whose billboard inventories are remaining stable along federally funded highways.

Although Clear Channel and Viacom's total number of Bulletins appear to be increasing at a strong pace, these increases are likely based on consolidation of the industry through acquisitions of signs and exchanges, not on an overall increase in the number of billboards in Phoenix. Clear Channel's Bulletin inventory is probably decreasing slightly due to lease cancellations by landowners and government condemnations. Based on our conversations with government employees, sign industry contractors, and former and current industry participants, it is likely that the total number of billboards in the Phoenix area market has decreased slightly over the last 10 years. This is consistent with the increasingly restrictive local ordinances in Mesa and other local municipalities. In addition, we believe that sign companies report as many signs as possible to TAB in an effort to attract advertisers.

SIGN CHARACTERISTICS

In summary, the elements are categorized as positive, neutral or negative in the chart below.

POSITIVE	NEUTRAL	NEGATIVE
✓ Established Location	✓ Physical Condition	✓ **Area Competition**
✓ **14th Ranked Media Market**	✓ Approach Competition	✓ **Traffic Count (DEC)**
✓ Arizona Economy	✓ National Economy	
✓ Local Economy	✓ Demographics	
✓ **EB Visibility (Apache)**		
✓ **WB Visibility (Apache)**		
✓ Illuminated		

APPRAISAL

BACKGROUND OF BILLBOARD APPRAISAL

The appraisal of billboards has progressed significantly from the concepts used in the 1950s and 1960s when restrictions were few and signs could be constructed easily and inexpensively. Historically, the compensable value of condemned billboards was assumed to be the cost of relocating the structure. since the advertising revenue would continue and revenue could be sustained. Arguments were occasionally made by outdoor advertising companies that the new location was not as desirable or the traffic count was not as high, but additional compensation above moving costs was rare. In cases where relocation was not practical, compensation was based on the actual cost of the physical billboard (which meant materials and labor) and sometimes it included other costs such as the expense of site location, lease negotiations, and so forth.

When the Highway Beautification Act was passed in 1965, the spreading restrictions on outdoor advertising signs increased the need to determine just compensation to outdoor companies for the taking of billboards. In 1970 the Uniform Relocation Assistance and Real Property Acquisition Policies Act was passed, and in 1978 the Surface Transportation Assistance Act became law, both making amendments to the Highway Beautification Act. Billboard value was becoming more important and appraisals were beginning to consider other factors in billboard valuation such as the use of an "Effective Gross Income Multiplier" to determine value. However, most appraisers were slow to change their methodology of cost as a measure of value.

The courts were even slower to recognize the proper valuation of billboards, partly because of the slow process of bringing case law up to date with contemporary thought. Since billboards have been bought and sold in the open market for decades it is unclear why it took so long for these transactions to be given consideration when the same assets were taken by government agencies. The Outdoor Advertising Association of America now states in their Beautification-Compensation Manual that for the appraisal of billboards, "the principal and most widely used approach is the comparable sales or market data method."

Eventually the fact became clear that a billboard is an income producing improvement and not just a piece of wood and steel. The value of a sign should be based on its income stream, not the cost of materials. One example of the concept of income value compared to replacement cost of materials is the value expected in developing a new apartment complex. The cost of building an apartment complex can be far outweighed by the income producing ability of the property. Developers anticipate future benefits when building apartments, and the property's value is ultimately determined by factors such as rent levels, expenses, location, and the economy. Another example of income benefits far outweighing the cost of materials is the value of the logo on the hat of a top golf professional. The cost of the cap may be about $5 in material, but the golfers are often paid more than $400,000 per season to wear the logo of a major corporation on the hat for advertising purposes. Obviously, the value of displaying the logo is more than $5. Value in the market is normally based on the ability to generate income rather than the cost to buy the material. The same is true of billboards and that is why their value is now recognized as relating directly to the income stream.

Some years ago, the income concept became the primary method of appraisal for billboards throughout the country, and the cost of materials is normally irrelevant. The specific appraisal methods now being used are the "EGIM" or Effective Gross Income Multiplier method, and any one of several future earnings methods. It is now accepted by skilled appraisers that government agencies should compensate outdoor advertising companies for the "fair market value" of displaced billboards, not just their cost.

There are other aspects of a billboard that can affect value besides the income stream. If a community has passed restrictive ordinances on the placement of new signs, then each existing sign obviously becomes much more valuable because there is a finite (and some surveys suggest depleting) physical resource to use in the generation of income. This scarcity of supply adds to value. Occasionally other factors also come into play in certain cases. For instance, property owners have sometimes paid a large premium to an outdoor advertising company to terminate a lease so that the property can be developed. If this kind of potential exists, it may increase the value of a particular sign. There can be different effects on value for any given billboard, so the appraiser must examine the circumstances of each situation.

Contemporary billboard valuation is guided by the Effective Gross Income Multiplier method that is usually categorized as a Market Data or Sales Comparison approach, but it can also be considered an Income approach. This method requires developing an appropriate multiplier for a particular billboard and then multiplying that factor by the annual achievable income of the sign. The resulting value can then be tested by other methods to see if it needs to be adjusted upward or downward for unusual circumstances that are not adequately reflected in the overall EGIM. The Cost approach (material and labor) is not related to fair market value in any meaningful way except in rare cases.

HIGHEST AND BEST USE

According to *The Language of Real Estate Appraisal* by Jeffrey D. Fisher, the term "highest and best use" is defined as, "The reasonable and probable use that results in the highest present value of the land after considering all legally permissible, physically possible and economically feasible uses." With this particular billboard we have estimated the highest and best use by examining conditions relating to a legal permit, physical possibilities and economic rents.

The Arizona Department of Transportation approved permit number 2739 for the subject sign on June 24, 1983. Therefore, we believe that the sign is legal, but we reserve the right to amend this report and our value conclusions if information to the contrary becomes available from Maricopa County. However, according to current County sign ordinances that control off-premise signs, the billboard is considered non-conforming because only billboards up to 300 square feet are allowed. Therefore, we consider the sign legal and non-conforming.

The sign structure is in fair to poor physical condition. Because it was constructed as a "special use" property it does not have any "physically possible" alternative uses. Therefore, we consider the sign's continued use as an off-premise advertising billboard to be the most "reasonable and probable" continued use.

Compared with residential or commercial improvements, the sign requires a very small area on the parcel. The site rent collected by the landowner likely exceeds the expense of maintaining this small area of the parcel. The advertising rent collected by the sign company exceeds the expenses required to lease space, install advertisements and maintain the sign structure. Therefore, the continued use of the sign is economically feasible for the lessor and lessee.

We believe that the current use of the billboard is the highest and best use based on the sign's legal status, its adequate physical condition, the small area that the improvement requires on the parcel, and the income that the sign generated for the sign company and landowner.

APPRAISAL APPROACHES

There are three principal approaches to determining property value: 1) the Cost approach, 2) the Sales Comparison approach, and 3) Income approach. In appraisal practice, an approach can be included or omitted based on its relevance to the property type being valued and the quantity and quality of information available. In this particular case our appraisal conclusion was based on figures derived from the Sales Comparison and Income approaches.

The **Cost Approach** is based upon the assumption that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when unique or specialized improvements are located on the site. This may result in few, if any, comparable properties. Billboard market participants do not use the cost approach when making buying or selling decisions. This approach to value has been rendered virtually meaningless due to government limitations on new billboard development. In addition, intangible costs are very difficult to estimate based on the quantity and quality of information available. Therefore, we have not relied on this approach for our estimate of value. We have included a salvage value estimate for informational purposes only.

The **Sales Comparison Approach** uses sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as an Effective Gross Income Multiplier. Billboard market participants use the Effective Gross Income Multiplier method when making buying or selling decisions. When using physical units of comparison, adjustments are applied to each physical characteristic of the comparable sale. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate based on general comparisons. This method is described in detail below.

The **Income Approach** illustrates the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. This approach estimates the amount an investor would be willing to pay to receive an income stream. The two common valuation methods in the Income Approach are Direct Capitalization and the Discounted Cash Flow (DCF). Both of these methods are explained in detail later in this report.

Salvage Value

Salvage Value is defined as, "The price expected for a whole property, e.g., a house, or a part of a property, e.g., a plumbing fixture, that is removed from the premises usually for use elsewhere."[3]

The following cost estimates were developed from information provided by the advertising industry, sign builders, engineers and various government agencies. The basis for estimating a salvage value starts with the cost to build a new single faced billboard. Then other costs such as additional advertising faces, adjustments for height, design features, illumination, platforms and aprons are estimated. The reproduction cost is depreciated based on the age life method with an effective age of 50 years and economic life of 15 years (15 years ÷ 50 years = 30%).

Salvage Value Estimate

February 6, 2005

Viacom Outdoor: No Identification Numbers

Face Costs						
Existing billboard (one face)	672	square feet	x	$38.50	=	$25,872
Plus the number of additional faces	1	other faces	x	$2,100	=	2,100
				Sub-total		27,972
Plus Other Tangible Costs:						
Adjusted for height	0%		x	$27,972	=	0
Adjusted for other features (V-Shape)	20%		x	$27,972	=	5,594
Illumination (total number of faces)	2	face(s)	x	$2,000	=	4,000
Catwalk platforms (linear feet of catwalk)	288	linear feet	x	$16.00	=	4,608
Apron (linear feet of apron)	96	linear feet	x	$20.00	=	1,920
						44,094
Less: Estimated Accrued Depreciation						
Physical deterioration, curable	0%					
Physical deterioration, incurable	30%		x	$44,094	=	-13,228
Improvement Sub-Total					=	30,866
Estimated Value of Structure					=	**$30,866**

[3] *The Dictionary of Real Estate Appraisal* - Third Edition, Appraisal Institute, 1993, Chicago, Illinois

We estimated the salvage value of the subject billboard based on a percentage of the replacement cost new, less depreciation, and supported by our cost component file. The information includes trade magazine advertisements, catalogues, specific contractor estimates and data from and discussions with billboard fabricators. Our salvage value also takes into account the fact that damage is usually done to some structural components of a billboard when it is removed from its original site. Most damage is usually done to the support structure, in this case the steel monopole that supports the displays. The other structural components including the display faces, stringers, safety platforms, aprons, ladders and lights can be expected to remain intact with little or no damage when removed.

We estimated the billboard cost new, less depreciation, at $30,866 (or $44,094 new - $13,228 depreciation = $30,866). We estimate that the salvage value of the subject billboard is approximately 25% of $30,866, or $7,717. All of the physical features of the subject sign lead us to believe that the salvage value of the billboard would be $7,717, or $7,700 rounded.

SALES COMPARISON APPROACH

Effective Gross Income Multiplier Method (EGIM)

The income stream for the subject sign was estimated based on published "rate cards" for the market. Bulletins in January 2005 rented for prices between $1,500 and $4,400 per month, per display, according to rate cards at Clear Channel Outdoor and their regional competitors. Contract rates are usually lower than published advertising rates and depend on the number of displays purchased, the traffic counts delivered, and the level of advertising copy production included. Contracts usually range from one to three months and usually include multiple locations throughout a plant-defined market.

The following table displays the published outdoor advertising rates and reported rates for Bulletins in the Phoenix media market in the first quarter of 2005.

2005 OUTDOOR ADVERTISING RATES
Phoenix, Arizona – Bulletins (Monthly)

Sign Owner	Clear Channel	Viacom
Prices	$2,800 – $4,400	$1,500 – $4,000

This billboard has two 14×48 foot Bulletin displays, or two 672 square foot displays. The display faces are likely rented with other Bulletin displays in small groups (between 2 and 10 displays). Based on the characteristics of the subject sign, published rates and normal discounts reflected in contract rates, the subject's north and southbound displays likely generate between $1,500 and $3,000 per month, per display. While this is not a high-traffic roadway, it has been a major arterial street in the east valley for decades. The lower traffic count is somewhat offset by the location in the Phoenix/Mesa MSA and the prohibition on any new billboards in the City of Mesa. Based on all of the foregoing information, we estimate the average income capacity of the eastbound display at $2,200 and the westbound display at $2,200 per month, or a total preliminary annual income of $52,800 per year for both displays. This figure must be reduced to the "effective gross income" for use in the EGIM method. Reductions are made for vacancy and for advertising agency commissions.

As of November 2004, Lamar Advertising (a national competitor) reported that 20% of their Bulletins were vacant nationwide. Many of Lamar's billboards are in smaller cities and towns, where vacancy levels may be higher or lower than in metropolitan areas such as Phoenix.

We estimate that 20% of Bulletins in the Phoenix market are currently vacant. This is consistent with competitor reports, national trends and local economic conditions. Based on the features of the subject sign, market information, current trends in advertising spending, occupancy rates and interviews with market participants, we estimate the subject sign has a 20% vacancy rate. Discounting estimated annual income of $52,800 by 20% for vacancy derives an estimated gross income (or net revenue stream) of $42,240 ($52,800 - $10,560 = $42,240).

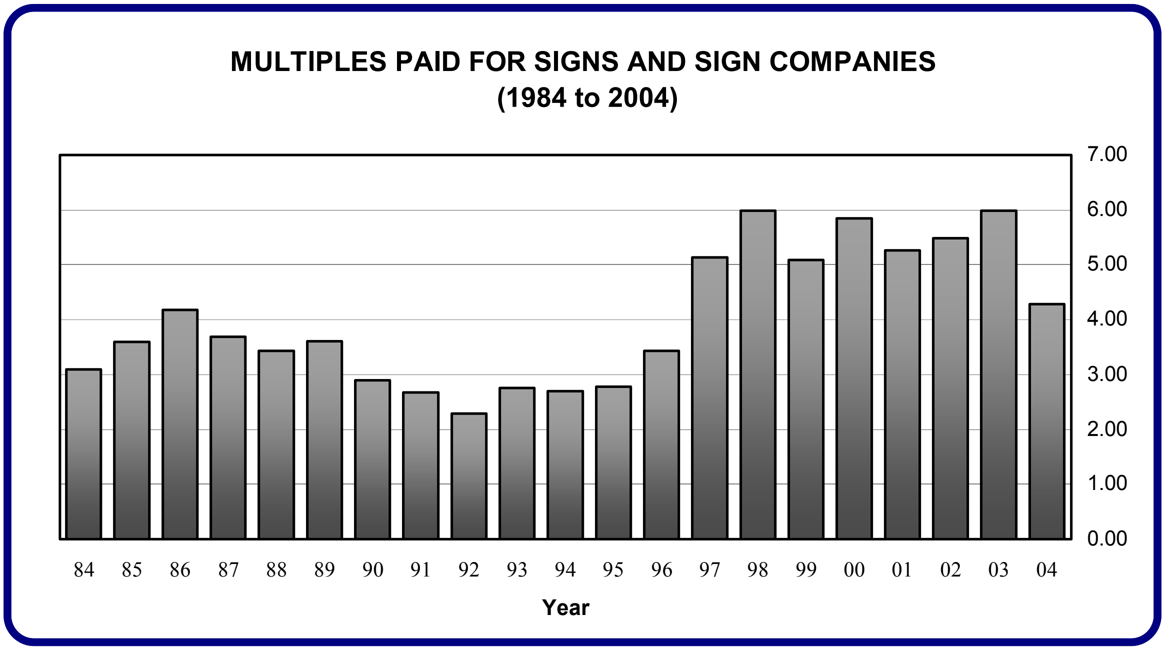
Outdoor advertising companies also pay advertising agency referral commissions of approximately 15% for some advertisements. However, many advertisers negotiate directly with billboard companies. In these cases, billboard companies have to pay only “in-house” sales commissions of 4% to 6% as an internal expense. In September 2004, Lamar Outdoor reported that 48% of their advertisers order advertising space from them directly and 52% order space through advertising agencies. However, in major media markets like Phoenix advertisers typically use advertising agencies, so advertisers likely order advertising directly from the billboard company in 20% of the cases and through agencies in 80% of the cases (or 80% × .15 agency commission rate = .12 agency commissions). Therefore, deducting an additional 12% from our Net Revenue estimate results in a more accurate net revenue estimate of $37,171 (or $42,240 × 88% = $37,171). This is the amount of "effective gross income" used for calculation with the Effective Gross Income Multiplier.

Market Evidence of Multiples

SignValue, Inc. has been collecting information and building a database of comparable sales in the billboard industry for many years. Pricing multiples from the 1950s through the 1970s were quoted as "24 months' of income" for rural signs (small towns and highways), and "36 months' of income" for billboards in medium-sized and large cities. The same price guidelines were quoted for wooden signs (24 months' income) and steel structures (36 months' income). Multiples eventually became related to annual income instead of monthly income, and were in the 3× to 4× range for many years before rising steadily through 1986. The swoon in multiples that began in 1989 corresponds with the real estate depression in the U.S. lasting through the early 1990s. Multiples resumed their rise in 1996 and have stabilized between five and six time's revenue in the last eight years. The rising multiples since the early 1980s are due largely to the fact that billboards are becoming scarce assets because of increasing restrictions on construction of new signs. The national average Effective Gross Income Multiple was close to six times income in 2003. Our average for 2004 is lower than previous year averages, although we anticipate the average multiple will be between five and six times effective gross income when we have collected more sales. Prices for billboard companies tend to be consistent across the U.S. and are not particularly variable from one region to another.

Comparable sales are difficult to find because they do not need to be publicly reported like real estate sales in many states. Our database currently includes 34 transactions in 2000, 27 in 2001, 19 in 2002, 14 in 2003 and 14 in 2004. The average effective gross income multiple of these 108 transactions between 2000 and 2004 is 5.42×. We have information on additional transactions each year that confirms the range of Net Revenue Multiples, but they are not included because some detail of the sale is lacking.

Over the past several years there has been considerable consolidation within this industry in Arizona and the United States, with fewer companies controlling larger market shares. Buyers and sellers have spoken with us on the condition of confidentiality for competitive reasons. Industry insiders have reported that some of the largest outdoor advertising companies in the United States have paid EGIM's as high as 10.0× for highly desirable billboard plants around the country, although those sales usually occurred before 2000. We have not been able to verify such high multiples through our research. The average EGIM in 2003 was 5.98× and in 2004 it was 4.29×. Below is a chart of the average EGIM each year for the past 20 years.



Source: SignValue, Inc.

We have developed outdoor advertising market information from various sources including permit records and current and former market participants. The following sales indicate an average multiple of 4.82×. They vary in detail and depth and were relied upon according to the quality and quantity of information obtained. All of the following sales are presented in detail in the Appendix.

COMPARABLE SALES

Sale No.	Buyer	Seller	Location	Date Sold	Sale Price	No. Faces	EGIM
1	American Outdoor	Burkett Outdoor	Winslow, AZ	11/01	$600,000	70	4.08
2	Bressler Outdoor	Smith Outdoor	Canton, OH	5/02	$101,250	2	3.75
3	Lamar Advertising	Adams Outdoor	Riverside, CA	6/03	$40,137,000	250	8.03
4	Metcore Media	Breakthrough	Tallahassee, FL	7/03	$180,000	6	3.54
5	Montana Media 1	Montana Media	Whitefish, MT	4/04	$972,000	100	4.50
6	Lamar Advertising	Harry Outdoor	Bluefield, WV	9/04	$6,300,000	800	5.00
Avg.							4.82

Compiled by: SignValue, Inc.

Sale 1 involved 70 displays in northern Arizona and New Mexico along Interstate 40 including signs in markets such as Winslow and Holbrook. This sale occurred in November 2001 and included 10×36 and 10×40 Bulletins. These billboards were purchased by Burkett Outdoor for $500,000 in 2000 and sold to American Outdoor in 2001 for $600,000. The seller reportedly invested some capital in new lighting for the majority of the signs during the time that they owned the billboards.

Sale 2 involved two faces on one structure in Canton, Ohio. The seller reported leasing, permitting and constructing a new billboard in 2002, then selling advertising space on both sides of the billboard before selling all of these interests to Bressler Outdoor for a sale price of $101,250. The traffic count on the highway in front of the sign was 29,000 cars per day. SignValue, Inc. estimated the expense figures used to analyze the sale based on pro-forma market expenses at the time of sale and the price represented 3.75× effective gross income.

Sale 3 involved 250 displays in the Riverside/San Bernardino, California market. Another outdoor company who sold their plant at the same time to the same company reported that Adams had revenue of approximately $5,000,000 per year at the time of sale. The buyer reported a purchase price of $40,137,000. They paid $22,637,000 in cash and $17,500,000 in 501,626 shares of common stock. We did not discount the value of the common stock for lack of marketability because the seller reported that they typically issue unrestricted common stock for sale prices under $75,000,000. The revenue and price reported represented 8.03 times effective gross income.

Sale 4 involved six faces on three structures in Tallahassee, Florida. The seller reported leasing, permitting and constructing the new billboards in 2002 and 2003, then selling advertising space on five of the six displays before selling all of these interests to Metcore Media, LLC for a sale price of $180,000. The average daily effective circulation in front of the signs was 23,000 cars per day. SignValue, Inc. estimated the expense figures used to analyze the sale based on reported site lease expense of 22% and an additional 28% for other operating expenses at the time of sale, and the price represented 3.54 times effective gross income.

Sale 5 involved 100 displays on approximately 40 structures near Whitefish, Montana. The seller reported that he sold two-thirds of his displays to a private group from Utah for 4.5 times his net annual advertising revenue (or effective gross income). The seller was in the process of selling the remaining third of his displays to the same group at the time of the appraisal. These displays were reportedly being sold at a multiple lower than 4.5 times revenue. He reported that occupancy at the time of sale was 97%. The sale price was reportedly determined by applying a multiple of six times effective gross income to signs in areas where no new signs could be built and a multiple of three times effective gross income to signs in areas where new signs could continue to be built. The seller reportedly spent $60,000 forcing the Town of Whitefish to allow new billboards based on a contention that the local sign ordinance was illegal.

Sale 6 involved 800 displays on 400 structures around Bluefield, West Virginia. Another bidder in a neighboring market reported that the seller wanted cash for the $1,260,000 sale price and only Lamar could offer the entire sale price in cash. Approximately one-third of the structures were on land owned by the seller. The seller reportedly leased these sites to the buyer for 99 years at undisclosed attractive lease rates. The sale also included a small warehouse and two trucks that our source estimated had an insignificant value. Therefore, we have made no deduction for their value from the sale price. The sale included 8-Sheet, 30-Sheet and small Bulletins in all rural markets. The seller reportedly kept 100% of the displays leased to advertisers even if it required accepting below market rates.

Selection of Multiplier

A summary of the factors that affected our choice of an appropriate multiplier are categorized as positive, neutral or negative in the chart below.

POSITIVE	NEUTRAL	NEGATIVE
✓ Established Location	✓ Physical Condition	✓ **Area Competition**
✓ **14th Ranked Media Market**	✓ Approach Competition	✓ **Traffic Count (DEC)**
✓ Arizona Economy	✓ National Economy	
✓ Local Economy	✓ Demographics	
✓ **EB Visibility (Apache)**		
✓ **WB Visibility (Apache)**		
✓ Illuminated		

It is our opinion that the subject sign would sell for an EGIM between the average of the sales we reported (4.82×) and the national average (5.42×). The appropriate multiple for the subject sign should be below the national average based on the poor northbound visibility and the fact that Bulletins like the subject generally sell at higher multiples of effective gross income than 8-Sheet and 30-Sheet Posters because they have higher profit margins. Comparable Sales One, Three and Four are considered most relevant because they involved billboards in Arizona or in other major media markets. We have also placed some reliance on Sale Five because it was a relatively recent sale, while keeping in mind that it involved billboards in a different region of the country and included 30-Sheet Posters. Although Sales Two and Six are helpful in establishing a market value and involved Bulletin displays, we have less confidence in them because they were in very small rural markets. However, these sales still have relevance to billboard values in general. The multiples range from 3.54× to 8.03× with no identifiable trend in terms of an increase or decrease in pricing. The average and range of the multiples that we relied upon support the national average multiple of 5.42× between 2000 and 2004, and our opinion that multiples have stabilized in the last four years.

The features of the subject sign lead us to conclude that an EGIM of 5.0× is a reasonable multiple to reflect all of the elements of this billboard at this location.

Calculation of Value

Based on the EGIM for this sign, the total value under this method can be shown as follows:

Effective Gross Income Multiplier Method

Viacom Outdoor: No Identification Numbers

February 6, 2005

Eastbound Face (monthly)		$2,200
Westbound Face (monthly)	+	2,200
Total Monthly Income		4,400
	x	12
Potential Gross Annual Income		52,800
Less Vacancy of 20%	-	10,560
		42,240
Less Agency Commissions @ 12%	-	5,069
Effective Gross Income		37,171
Effective Gross Income Multiplier	x	5.00
EGIM Value:		185,856
Rounded to:		**$186,000**

Cash Flow Multiplier Method

This method estimates the value of a sign by multiplying annual cash flow by a market-developed multiplier. For this sign, effective gross income (EGI) is estimated at $37,171. In order to develop the cash flow or net operating income for the sign, an estimate of expenses is required. We analyzed the expense ratios of 40 billboard sales and billboard company sales between January 1997 and October 1999 and found an average expense ratio of 56.3%, and a median expense ratio of 55.3%. These ratios have remained consistent with the operating expense ratios of publicly traded outdoor advertising companies between 2000 and 2004. The ratios consider all types of billboards, including Rotary Bulletins, 30-Sheet Posters and 8-Sheet Posters. Therefore, a deduction of 55% was made for operating expenses of the subject sign. These operating expenses might be categorized as follows:

OPERATING EXPENSES

Expense	Percentage of EGI
<u>Fixed:</u>	
Site Lease	10-40
Taxes and Permits	2-5
Insurance	2-5
<u>Variable:</u>	
Management & Administration	5-15
Utilities	2-5
Maintenance / Installation	2-5
Advertisement Production	0-10
<u>Reserves:</u>	
Replacement Allowance	2-5

A deduction of 55% for operating expenses indicates a net operating income margin of 45%. Sign companies with common stock that is publicly traded report that a profit margin of 45% is achievable, based on a measure called Earnings Before Interest, Taxes, Depreciation and Amortization (or EBITDA). The typical range of EBITDA in this industry is 40% to 50% of revenue, and the most commonly quoted figure is 45%. The profit margin obviously is lower when interest expense is deducted. Interest expense can be as high as 20% or 25% of revenue for some sign companies. Because interest expense is deductible for income tax purposes, it can be argued that the real cost of interest is only about one-half of the stated level, or something closer to 10%. Measuring profit margins accurately is complicated and subject to a variety of interpretations, but our analysis indicates that a pre-tax margin of 45% is reasonable for the subject sign based on estimated expenses of 55%. Therefore, the cash flow or EBITDA for this sign is calculated at 45% of effective gross income, or $16,727 ($37,171 EGI x 45% = $16,727 EBITDA).

Market Evidence of Cash Flow Multipliers

Market participants also analyze purchase prices based on multiples of cash flow, which are typically in the range of 7× to 13× EBITDA. The multiple is often used with the earnings measure known alternatively as EBITDA, cash flow, or net operating income. The following billboard acquisitions that occurred between 2001 and 2004 averaged 10.3× and are based on discussions and interviews with securities analysts that closely follow the outdoor advertising industry.

ACQUISITIONS OF OUTDOOR ADVERTISING SIGNS

Date	Buyer	Seller	Properties	Price (Mil).	EBITDA Multiple
Jan-01	Lamar	Bowlin	2,800 displays in AZ, NM, TX	44.0	12.6×
Jan-01	Lamar	Appalachian	1,050 displays in western NC	20.0	9.7×
Jan-01	Lamar	American	1,050 displays regionally	31.5	9.7×
Mar-01	Lamar	Bellows Outdoor	350 displays Grand Island NE	3.5	12.5×
Jun-01	NextMedia	PNE Media	4,172 displays (724B, 3,448P)	92.2	10.8×
Jun-01	NextMedia	Gaess Outdoor	23 Bulletins including 3 in NJ	10.0	12.5×
Jul-01	Burkhart	Tri-State	150 display faces KS, MO, IA	1.3	10.0×
Nov-01	American	Burkett	70 displays in AZ and NM	.600	8.2×
Nov-02	Lamar	Nampa Neon	2 displays & 1 lease/permit	.175	12.0×
May-02	Bressler	Smith Outdoor	2 displays in Canton, OH	.101	8.3×
Feb-03	Unique Signs	Donovan Tucker	4 displays in Rapid City, SD	.043	10.2×
Feb-03	Bressler	Smith Outdoor	1 display in Warren, OH	.0672	7.5×
Jun-03	Lamar	Adams	250 displays in Riverside, CA	40.1	12.0×
July-03	Metcore Media	Breakthrough	6 displays in Tallahassee, FL	.180	7.1×
Apr-04	MT Media One	Montana Media	100 displays in Whitefish, MT	.972	11.3×
Sept-04	Lamar	Harry Outdoor	800 displays in Bluefield, WV	6.3	11.1×
Avg.					10.3×

The comparables that we have identified and used in the effective gross income analysis had the following cash flow multipliers.

COMPARABLE SALES

Sale No.	Buyer	Seller	Location	Date Sold	Sale Price	No. Faces	EBITDA Multiple
1	American Outdoor	Burkett Outdoor	Winslow, AZ	11/01	$600,000	70	8.2
2	Bressler Outdoor	Smith Outdoor	Canton, OH	5/02	$101,250	2	8.3
3	Lamar Advertising	Adams Outdoor	Riverside, CA	6/03	$40,137,000	250	12.0
4	Metcore Media	Breakthrough	Tallahassee, FL	7/03	$180,000	6	7.1
5	Montana Media 1	Montana Media	Whitefish, MT	4/04	$972,000	100	11.3
6	Lamar Advertising	Harry Outdoor	Bluefield, WV	9/04	$6,300,000	800	11.1
Avg.							9.66

Compiled by: SignValue, Inc.

Selection of Multiple

We selected an EBITDA multiple of 11.0× for this sign based on the above transactions. The six transactions we have selected had cash flow multiples that ranged between 7.1× and 12.0×, with an average of 9.7×. Through November 2004, Lamar Outdoor Advertising had completed 61 acquisitions for a total of $135 million. Although each transaction price was different, management has reported publicly that they seek prices near 10.0x *forward* EBITDA, and approximately 5.35x effective gross income. Lamar anticipates spending between $125 million and $150 million on acquisitions in 2005 at an average multiple below 11 times forward cash flow. "Forward" EBITDA is the amount expected in the 12 months following an acquisition. Since future income is usually expected to be higher than past income, forward EBITDA multiples are usually lower than trailing multiples. This means that a forward multiple of 10.0× is likely to be consistent with a trailing multiple of 11.0× 11.5× cash flow. The features of the subject sign would place it in or near Lamar's target range of 10 to 11 times, and above the average of the six comparable sales reported. We believe that a multiple of 11.0× cash flow is reasonable for this particular sign.

Calculation of Value

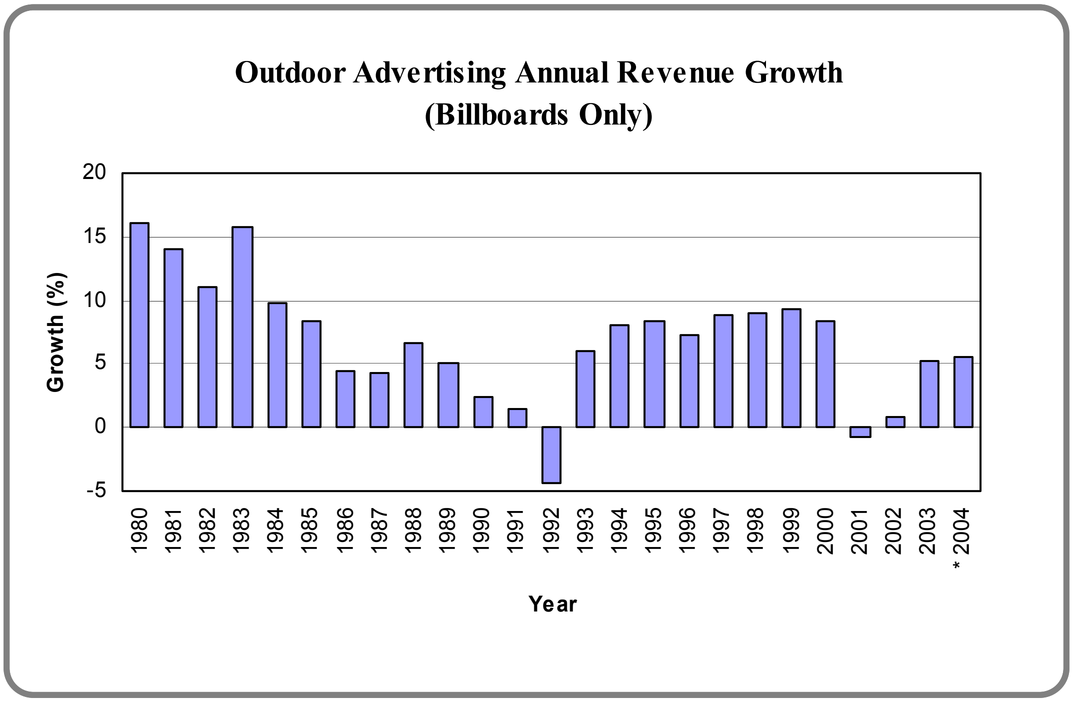
Cash Flow Multiplier Method		
Viacom Outdoor: No Identification Numbers		
February 6, 2005		
Potential Gross Income		$52,800
Less: Vacancy @ 20%	-	10,560
		42,240
Less: Agency Commissions @ 12%	-	5,069
Effective Gross Income		37,171
Less: Operating Expenses Est. at 55%	-	20,444
Cash Flow		16,727
Multiplied by 11	×	11.00
Cash Flow Multiplier Value		183,997
Rounded to:		**$184,000**

Income Approach

Discounted Cash Flow and Capitalized Income Methods

Two other perspectives on the value of a sign can be found by discounting future cash flows and capitalizing current net operating income (EBITDA). Although these methods are difficult to develop fully and support with market observations they can be a good test of the sales comparison methods.

The cash flow from the subject sign might be expected to grow at an annual rate of 5% in the next 10 years based on historical growth rates and based on an equities research team for Merrill Lynch that estimated outdoor advertising revenue would grow at 5.2% per year between 2002 and 2012. In 2003 and 2004 outdoor advertising revenue has grown at slightly over 5% per year.



* Through the 2nd quarter of 2004

We assumed that our current cash flow estimate would grow at 5% per year for the next ten years. Then we discounted those future cash flows back to their present value at a rate of 13% and added in the sign's reversionary value and developed a discounted cash flow value estimate of $203,000. We also developed a capitalization rate of 8% by subtracting estimated growth of 5% from the discount rate of 13%. We capitalized the estimated net operating income (or cash flow) at 8% and developed a capitalized income value estimate of $209,000. Both of the income methods we considered were higher than the sales comparison methods we used.

Summary of Appraisal Approaches

Each of the three approaches described above applies a different method of examining the value of the subject billboard. The Cost approach is not considered relevant in the reconciliation of the value estimate since billboard market participants usually do not consider construction costs when making buying or selling decisions in this market. Today, billboard market investors use the Sales Comparison approaches to analyze purchases. The Effective Gross Income and Cash Flow Multiplier methods remain the primary methods of pricing currently used by billboard market participants.

In summary, four figures were derived: 1) Effective Gross Income Multiplier Method - $186,000, 2) Cash Flow Multiplier Method - $184,000, 3) Direct Capitalization Method - $209,000 and 4) Discounted Cash Flow Method - $203,000. The EGIM and Cash Flow Multiplier methods are normally the most important because the objective of this study is to determine fair "market" value, and these methods measure actual prices in the marketplace.

We gave some consideration to all of the methods, but we relied most heavily on the EGIM and Cash Flow Multiplier methods based on their reflection of actual market prices. The income methods were only used to test the rational of the sales comparison methods. The weighting of the methods and the final conclusion of $185,000 are as shown below.

SUMMARY OF METHODS

Method	Value		Weight		
EGIM	$186,000	×	50%	=	$93,000
Cash Flow Multiple	184,000	×	50%	=	92,000
Direct Capitalization	209,000	×	0%	=	0
Discounted Cash Flow	203,000	×	0%	=	0
					$185,000
Rounded:					**$185,000**

Site Lease Premium

The appraisal methods we have used assume that the land lease for the subject sign is within the general range of normal terms. However, if there is an unusually attractive or unattractive long term lease securing the site it may affect the value of the billboard. Site leases are typically payable monthly, quarterly or annually and are usually between 10% and 40% of the effective gross income of an individual sign. The estimated effective gross income of this sign, as mentioned above, is $37,171 annually. The typical site lease paid for a sign like this is usually between 10% and 40% of $37,171, or between $3,717 to $14,868 (rounded to $3,717 to $14,868) per year.

A billboard site lease rate that is below market lease rates would normally indicate an additional leasehold advantage. The current annual lease rate is $4,800 (or 13% of effective gross income), which is at the bottom end of our estimated range of $3,717 to $14,868 per year. The lease could be cancelled by the lessor with 30 days notice before it renews in June 2006. Since the rate has not been increased in at least nine years and the landowner could cancel the lease in the next 18 months a buyer would likely anticipate having to increase the existing lease rate. In addition, the sign owner has no long term guarantee that they will be able to continue paying the low lease rate. Therefore, we have not attributed any additional leasehold bonus value based on the existing site lease.

CONCLUSION

The subject billboard, operated by Viacom Outdoor on the south side of Apache Trail, approximately 270 feet east of 90th Street (Parcel #7-08993-S1) in Maricopa County, Arizona has a fair market value that is based on the market value of other billboard signs. As a result of our investigation, analysis and valuation, using the methods and techniques described above, it is our opinion that as of February 6, 2005 the fair market value of this billboard sign may be reasonably stated as $185,000.

TERMS AND CONDITIONS OF APPRAISAL

The primary objective of a billboard valuation is to determine the most likely value of an interest in a billboard. This value may be stated as a range or as the most probable single figure. The numerical result is objective and unrelated to the desires, wishes or needs of the client who engages the appraiser. Analytical reports prepared by Centerpoint Advisors conform to the Principles of Appraisal Practice and the Code of Ethics of the American Society of Appraisers. This report is intended for the use of the client only, it is effective only for the date indicated and it is intended to be used in its entirety. Any table, chart or other portion used by itself is likely to be misleading.

Some of the information, data and estimates used in this report have been obtained from sources that we believe to be reliable, but we make no guarantee as to the accuracy. We also relied upon information supplied by Company representatives as being complete, accurate, and fairly representing actual conditions. No further investigation was made to verify such information, nor was title to assets verified. We have obtained this information for use in our appraisal and will not disclose the information or the results of this appraisal to third parties. The appraisers, by virtue of preparing this report, are not required to give testimony in court, or in deposition, or to be in attendance at any proceeding regarding the Company and/or its principals unless agreed to in advance.

The Uniform Standards of Professional Appraisal Practice requires that appraisers identify and consider the effect on value of intangible items, including business enterprise value. In the case of the subject property and similar properties, the business enterprise is inextricably tied to the real estate. In the opinion of the appraiser, no defensible means of splitting the real estate value from the business enterprise value is available beyond the value deduction associated with a market-based management fee. Hence, no additional attempt is made to divide business enterprise value from the estimated value of the property.

I certify that to the best of my knowledge and belief: the statements of fact contained in this report are true and correct; the reported analyses, opinions and conclusions are limited by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved. My compensation is not contingent on any action or event resulting from the analyses, opinions or conclusions in, or use of this report. Paul Wright provided significant professional assistance to the person signing this report. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. The American Society of Appraisers has a mandatory recertification program for all of its senior members. Jeff and Paul Wright are in compliance with the requirements of the program and are recertified.

Paul Wright, ASA, Certified General AZ#31045 Jeff Wright, ASA, CFA

QUALIFICATIONS OF APPRAISERS

PAUL WRIGHT, ASA

Occupation	Commercial Real Estate Appraiser Principal, Centerpoint Advisors
Areas of Specialization	Valuation of commercial real estate including outdoor advertising, office, industrial, retail, multi-family and vacant land.
Education	See Following List of Real Property Courses Completed Bachelor of Arts – Psychology, 1993, Arizona State University
Designations	ASA, Accredited Senior Appraiser – American Society of Appraisers
Experience	*1995-2001* SignValue, Inc. – Outdoor Advertising Appraisal *2000-2000* CB Richard Ellis – Valuation and Advisory Services *1997-1999* Maricopa County Assessor's Office – Comm. Appraiser *1989-1997* Bank of America – Loan Officer
Certifications	Arizona Certified General Appraiser No. 31045 Arizona Licensed Real Estate Agent No. SA541776000
Published	*Billboard Appraisal: The Valuation of Off-Premise Advertising Signs*, with Jeffrey Wright, ASA, CFA, American Society of Appraisers, September 2001.
Speaking Engagements	*May 2002* – International Right of Way & American Society of Appraisers *January 2003* – American Law Institute & American Bar Association *April 2004* – AASHTO *February 2005* – Appraisal Institute
Memberships	American Society of Appraisers Appraisal Institute International Right of Way Association Traffic Audit Bureau for Media Measurement Outdoor Advertising Association of America
Commercial Appraisal Experience	Mr. Wright has appraised a wide variety of commercial real estate assets since 1996. They include single-family homes, vacant commercial and industrial land, warehouses, mobile home parks, restaurants, strip centers, banks, back office call centers, offices, shopping centers, apartment complexes, minor league baseball stadiums, super-regional malls, and billboards. The properties appraised ranged in value from $50,000 to $80,000,000. He has appraised more than 100 billboard signs for state and local governments, sign companies, and private sign owners since 1995.

Paul Wright continued

List of Courses Completed

Course	Date
U.S.P.A.P.	01/1996
Real Property Valuation 101	03/1996
Real Property Valuation 102	05/1996
Introduction to Property Tax (Self-Study)	10/1997
Valuation Concepts and Cost Methods	10/1997
Land Valuation	10/1997
Residential and Simple Commercial Valuation	11/1997
Personal Property Valuation	12/1997
Fundamental of Real Property Appraisal	12/1997
Real Property Valuation 103	06/1998
Income Approach to Valuation	07/1998
Complex Commercial Valuation	08/1998
Hearing Procedures	09/1998
Real Property Valuation 104	10/1998
Advanced Real Estate Appraisal	12/1998
U.S.P.A.P.	07/1999
Income Approach to Valuation	10/1999
Eminent Domain Law Basics	11/1999
U.S.P.A.P.	03/2002
Appraiser as Expert Witness	08/2002
Land Planning and Zoning	12/2002
Appraising Leasehold Interests	01/2003
National USPAP Update Course	11/2003
Advanced Applications AI 550	08/2004

JEFFREY WRIGHT, ASA, CFA

Occupation

Appraiser and Financial Analyst
Principal, Centerpoint Advisors

Areas of Specialization

Valuation of business interests in closely held corporations and partnerships, billboards, acquisitions. Expert witness testimony on valuation matters.

Education

Advanced Business Valuation Conferences: Seattle 2001, Philadelphia 2000, Boston 1999, Montreal 1998, San Francisco 1997, Memphis 1996, Boston 1995, San Diego 1994, Houston 1992, Phoenix 1991, Vancouver, B.C. 1990, Las Vegas 1987, Montreal 1986, San Francisco 1985
Graduate Studies – Business Finance, 1970-1975, Arizona State University
Registered Representative – NYSE, 1970
Bachelor of Arts – Political Science, 1968, Arizona State University

Designations

ASA: Accredited Senior Appraiser
CFA: Chartered Financial Analyst

Experience

1997-Present	Principal: Centerpoint Advisors
1987-1997	Partner: Brown-Wright & Associates
1982-1987	Vice President of Investments: First Chicago Trust of Arizona. Valuations of closely-held businesses, securities portfolio management.
1980-1982	Principal: J.P. Wright & Co. (Appraisals).
1976-1980	Chief Investment Officer – Arizona State Treasurer's Office
1970-1976	Vice President of Investments: Great Western Bank of Arizona. Trust investments.
1969-1970	Account Executive: Shearson Hammill. Member firm NYSE, Chicago Board of Trade, etc.

Instruction

Seminars on business valuation for appraisal organizations and other professionals. Speeches to various legal, accounting and professional groups. Appraisal courses for the American Society of Appraisers.

Memberships

American Society of Appraisers
Association for Investment Management & Research
ESOP Association
National Center for Employee Ownership
Phoenix Society of Financial Analysts
Stock & Bond Club of Phoenix

Jeffrey Wright continued

Offices	*1994-2000*	Member: Standards Subcommittee, Board of Examiners – American Society of Appraisers
	1991-2000	Member: Business Valuation Committee – American Society of Appraisers
	1989-1991	Region 8 Governor – American Society of Appraisers (AZ, UT, WY, SD, NE, CO, NM, TX)
	1988-1989	President – Phoenix Metro Chapter – American Society of Appraisers
	1987-1990	Chairman – Business Valuation Roundtable
	1982-1983	President – Phoenix Society of Financial Analysts
	1981-1982	President – Stock & Bond Club of Phoenix

Published

Billboard Appraisal: The Valuation of Off-Premise Advertising Signs, with Paul Wright, Certified General Appraiser, American Society of Appraisers, September 2001.

"Valuing a Start-up," M&A Valuation for CFOs, Conference Presentation, Federated Press, Ontario, Canada, January 2001.

"Key Person Discount in Small Firms: Fact or Fiction," with James A. Larson, Ph.D., CFA. *Business Valuation Review*, March 1996 and updated September 1998.

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"Considerations In Buying or Selling a Business under the Tax Reform Act of 1986," 1987, National Business Institute.

"Considerations in Buying or Selling a Business in Arizona," 1986, National Business Institute.

Contributing author to *Business Valuation Review*.

Business Valuation Experience

Mr. Wright has appraised many types of companies and assets since 1977. They include manufacturers, wholesalers, retailers, service businesses, professional practices, high-tech companies, software licensing, contractors, restaurants, schools, and billboards. The companies range in size of annual revenue from $80,000 to $130 million. He has appraised more than 200 billboard signs for state and local governments, sign companies, and private sign owners. He has qualified as an expert witness for deposition and trial many times since 1977, and is a regular consultant to the State of Arizona on billboard matters.

CERTIFICATE OF APPRAISER

Project: South side of Apache Trail, approximately 270 feet east of 90th Street

Parcel Number: ADOT 7-08993-S1 Maricopa County Assessor 218-41-363

I hereby certify:

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. The subject was as represented by the photographs contained in the appraisal. I have not inspected the comparable sales included in the database represented by the chart of GIM multiples.

That I have given consideration to the value of the property and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions as expressed therein are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering that might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. This appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That my analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, policies and procedures applicable to appraisal of right of way for such purposes, and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal may be used in connection with the acquisition of right of way for a highway to be constructed with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and result of such appraisal to anyone other than our client, and I will not do so unless so authorized by our client, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the MARKET VALUE of the leasehold interest as of the 6th day of February, 2005,

is $185,000, based upon my independent appraisal and the exercise of my professional judgment.

Date:__________ Signature:__________

Paul Wright, ASA, AZ Certified General No. 31045

Date:__________ Signature:__________

Jeff Wright, ASA, CFA

APPENDIX

REFERENCES

Jeffrey D. Fisher, Ph.D., Robert S. Martin, MAI and Paige Mosbaugh, M.B.A. *The Language Of Real Estate Appraisal*, Real Estate Education Company, a division of Dearborn Financial Publishing, Inc., Chicago, Illinois, 1991.

Outdoor Advertising Association of America, Beautification – Compensation Manual, Section IX.

The Traffic Audit Bureau for Media Measurement, Inc., Authenticated Circulation Plant Operator Statements, Traffic research and publications for the outdoor advertising industry, New York, New York, 2002.

GLOSSARY

agency commission. A fee paid to an advertising agency by a billboard company for leasing space on the company's signs.

angled. The position of a billboard face that is not perpendicular to the roadway. The end of the sign farthest from the roadway is at least six feet closer to approaching traffic.

approach. Distance from which an outdoor advertising structure first becomes clearly visible, measured in feet or seconds.

apron. Decorative trim beneath the bottom molding of a sign, usually found on painted Bulletins. Synonymous with "base."

audited circulation. Independently verified traffic circulation data for Out-of-Home media according to established national procedures approved by the buyer and seller community. Normally considered to be verified by the Traffic Audit Bureau for Media Measurement (TAB) (similar to Audit Bureau of Circulations).

billboard. Large panel or flat surface intended for viewing an advertisement or notice from extended distances, generally more than 50 feet. Usually means standardized wooden or steel structures that carry either poster paper or painted messages as advertisements to motor vehicle traffic. The four most common types of billboards are referred to as Spectaculars, Bulletins, Posters, and Junior Posters.

Bulletins. Large billboards usually 14 feet x 48 feet or 10 feet, 6 inches x 36 feet. When the method of reproduction is paint directly on the sign face, the Bulletin is called a "paint" or "painted Bulletin."

cantilever construction. Type of sign construction used to prevent various types of trespassing, where the sign face is set off from the supporting beams.

circulation. Number of potential viewers of a billboard face. Billboard circulation is based on traffic volume, including automotive, pedestrian, and mass transportation.

conforming sign. Billboard legally erected in accordance with the federal, state and local laws in effect at the time of its physical placement on site.

copy. Pictorial design, background, word copy, and message to be displayed.

cross-read. Billboard visible across traffic lanes on the opposite side of the roadway.

daily effective circulation (DEC). Average number of persons age 18 and older who are exposed each day to a sign or group of signs. (See circulation).

directional signs. Billboards showing locations and directions to nearby restaurants, lodging, local attractions, real estate developments, etc.

display. Sign structure that shows a single advertising message.

face. Surface of a sign that carries the advertising message. One billboard structure may have more than one face.

Highway Beautification Act. Federal billboard legislation, sometimes called the HBA, or Lady Bird Johnson Act, passed in 1965. The HBA mandates state billboard controls on Interstate, Federal-Aid Primary highways and the National Highway System.

leasehold estate. Right to use and occupy real estate for a stated term and under certain conditions. Conveyed by a lease.

leasehold improvements. Improvements or additions to leased property that have been made by the lessee.

legal nonconforming use. Use that was lawfully established but no longer conforms to present regulations of the zone in which it is located.

length of approach. Distance from which a billboard is clearly visible, measured in feet or seconds.

load factor. Number of passengers per vehicle.

market. Defined area where a billboard plant is located. Can also refer to coverage, or percentage of population potentially exposed to the advertising.

market value. Major focus of most appraisal assignments. Economic and legal definitions of market value have been developed and refined. The market value concept is essential to the appraisal profession. The following definition of market value is widely accepted by real estate appraisers:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. –from *The Appraisal of Real Estate,* 10th ed., published in 1992 by the Appraisal Institute.

Appraisers providing services that may be subject to litigation should seek the definition of market value in the jurisdiction in which the services are being performed.

monopole, or unipole. Billboard frame structure mounted atop a single steel pole or column.

MSA (metropolitan statistical area). A geographic area defined by the U.S. Census Bureau that comprises a significant population nucleus together with adjacent communities that have a high degree of economic and social integration with the nucleus.

non-conforming sign. Billboard not in compliance with sign regulations.

off-premise sign. Structure advertising a business, product, service or entertainment not on the property where the sign is located. A billboard is an off-premise sign.

official count. Traffic count taken from official government sources such as city, state or county departments of transportation.

on-premise signs. Structure advertising a business, product, service or entertainment on the property where the sign is located. A billboard is not an on-premise sign.

Outdoor Advertising Association of America, Inc. (OAAA). An organization that represents the standardized outdoor advertising industry in the United States, including many outdoor advertising companies, plant operators, suppliers, and affiliates. OAAA represents industry interests before Congress and regulatory agencies and also provides assistance to its members working with local and state governments.

Outdoor Visibility Rating System (OVRS). Rating the visibility of a billboard to passing traffic, based on length of approach, speed of travel, angle of panel, and relationship to adjacent travel.

package. Group of rented signs.

permit. License granted by a state or local government that authorizes a sign structure to be erected and maintained at a specific site. All states have laws requiring state permits for billboards along the Interstate and Federal-Aid Primary highways. Localities may also require permits for billboards.

plant. Total billboards under a single ownership in a city or market.

poster – 30-sheet. Advertising panel with copy area normally measuring 9 feet 6 inches high by 21 feet 7 inches wide.

poster – 8-sheet. Advertising panel with copy area normally measuring 5 feet high by 11 feet wide.

public service advertisement. Display copy of a civic or philanthropic nature posted free of charge in the interest of community welfare. Not counted in audited circulation.

rate. Quoted or printed cost of billboard advertising, usually stated for GRP or Showings on a per month basis. Available from individual sellers or from centralized statistical sources.

ride the boards (or, ride the showing). Driving tour to review the physical characteristics of faces in a showing. Used to assess each sign's attractiveness, the presence of obstacles to vision, normal visibility to drivers, and the length of time the sign can be observed easily.

rotate, or rotary. Periodic movement of an advertiser's message from one Bulletin location to another at stated intervals to achieve greater reach in the market. Also refers to an individual billboard that is often included in rotation plans.

sale. Within the sign industry, the renting of a billboard by an advertiser. (See buy).

setback. Distance measured from the line of travel to the center of the advertising panel.

showing. Number of panels used by an advertiser to reach a certain percentage of the market population. Common showings are #100 (meaning 100% of the market), #75, #50 and #25. A #50 showing is estimated to be seen by 50% of the population, and might be achieved with 15 faces in a particular market.

spectacular. Unusually large or irregular-shaped Bulletins that may be embellished with electrical or 3-dimensional effects to attract special notice. Often built to specifications of one advertiser for use over a long term.

speculation lease. Obtaining a leasehold interest in anticipation of erecting a billboard.

stacked panels. Panels with the facings built one above the other. Also called decked panels.

target audience. Profile of the most desired prospects for a product or service, listed by characteristics such as demography, lifestyle, brand or media consumption, purchase behavior, etc.

traffic count. Recording the number of vehicles and pedestrians passing a given point. Used by TAB to authenticate the potential exposure of billboards.

MARKET EVIDENCE OF MULTIPLES

PERMIT

ARIZONA DEPARTMENT OF TRANSPORTATION

205 SOUTH 17TH AVENUE - MAIL DROP 004R - PHOENIX, ARIZONA 85007

SIGN AND DECAL NUMBER: 02739 R

FORM TYPE: (FP)

OUTDOOR ADVERTISING

PERMIT RENEWAL NOTICE -RETURN COPIES $15FEE

VERIFY ALL DATA AND CORRECT AS NECESSARY

DATE: MAY 14, 1903

ALL FEES MUST BE IN THE FORM OF CHECK OR MONEY ORDER MADE PAYABLE TO: "ARIZONA DEPARTMENT OF TRANSPORTATION"

SHADED AREAS FOR DEPARTMENT USE ONLY

B. SIGN LOCATION

ROUTE TYPE (BA) P; ROUTE PREFIX (BB) U; ROUTE NO. (BC) 0060; DIRECT. OF TRAVEL (BD) E; DIST. NO. (BE) 1

DIRECTION FROM ROAD (BF) S; LOWEST MILE POST (BG) 190.75; IS SIGN WITHIN MUNICIPAL LIMITS? (BH) Y

(EI) (IN OR CITY NEAR) MESA; COUNTY CODE (BJ) 07

(BK) LAND LEGAL DESCRIPTION N2 NE4 SE4

SECTION (BL) 21; TOWNSHIP (BM) 001N; RANGE (BN) 0007E

(BO) NEAREST COM/IND ACTIVITY AT SITE

DIRECTION TO COM/IND ACTIVITY (BP) S; IS ACTIVITY WITHIN 1,000 FT OF SIGN? (BQ) Y; IS ACTIVITY WITHIN 1,000 FT OF T.I.? (BR) Y

NEAREST SIGN (SAME SIDE OF ROAD): DIRECTION (BS) E; DISTANCE IN FEET (BT)

IS SIGN WITHIN 500 FT. OF REST AREA EXIT OR ENTRANCE? (BU) N; LEASE CODE (BV) L

G. ZONING

THIS WILL CERTIFY THE ABOVE DESCRIBED LOCATION HAS THE FOLLOWING ZONING CODE:

(BW) C-2

X ZONING AUTHORITY SIGNATURE DATE

1 22 5102 R7/87

D. PROPERTY OWNER

(DA) NAME WOO ENTERPRISES, INC

(DB) STREET ADDRESS ~~2234 E RIVEY AVE~~ 4909 N 86th St.

(DC) CITY ~~PHOENIX~~ Scottsdale (DD) AZ (DE) ZIP ~~85016~~ 85251

(DF) AGENT, TITLE 02-1278-79

X PROPERTY OWNER OR AGENT SIGNATURE (NOT REQUIRED IF A FULLY EXECUTED LEASE ACCOMPANIES APP) DATE

A. SIGN OWNER V025 CODE: (AA)

(Type or print this section)

NAME VIACOM OUTDOOR, INC.

ADDRESS 2502 N BLACK CYN HWY

CITY-ST. ZIP PHOENIX AZ 85009

AGENT GLENN PITTS

PHONE 602 2469569

X SIGN OWNER OR AGENT SIGNATURE DATE

F. REMARKS

**** ADDITIONAL CONDITIONS ****
THIS PERMIT IS ISSUED SUBJECT TO THE CONDITION THAT PERMITEE COMPLY WITH LOCAL GOVERNMENTAL REGULATIONS RELATING TO OUTDOOR ADVERTISING R 17-3-701.
****** REF: ARS 28-2109 ******

C. SIGN DESCRIPTION

STRUCTURE CODE (CA) V2; SIGN HEIGHT (CB) 14; SIGN WIDTH (CC) 48; ILLUM. CODE (CD) Y

SQ. 1ST FT. AREA (CE) 672; 2ND AREA (CF) 672; 3RD AREA (CG); 4TH AREA (CH)

(CI) SIGN LEGEND APACHE JCT MEDICAL CTR

E. SIGN CONDITION

PERMIT CODE (EA) P; PERMIT DATE (EB) 24JUN83; CLASS STATUS (EC) C; PROCESS STATUS (ED) R 4 2

OWNER'S SIGN CODE (EE); APPL. FEE (EF) 20; RENEW FEE (EG) 5 05; RENEW YEAR (EH) 03

IS SIGN ERECTED? (EI) Y; 1966 INV NUMBER (EJ); 1972 INV NUMBER (EK)

REMOVAL CODE (EL) 11; REMOVAL DATE (EM) NEW

H. FIELD CHECK

COMMENTS:

DATE (EN) 24JUN83

X AZDOT FIELD REPRESENTATIVE SIGNATURE

I. PERMIT AUTHORIZATION

X Man Wong AUTHORIZED SIGNATURE DATE 6-18-03

SITE LEASE

01/05/2005 16:31 FAX 6029972095 CRESTAR MORTGAGE 002
JAN. 3. 2005 2:45PM VIACOM-PHX-REAL ESTATE) AM NO. 708 P. 2

SIGN LEASE AGREEMENT #021278

1. In consideration of $4800.00 annually, payable MONTHLY in advance by Lessee, Lessor hereby leases to Lessee the property at 9005 E. APACHE TRAIL in APACHE JUNCTION, ARIZONA, for Lessee's exclusive off-premise advertising, from 06/01/1996 to 05/31/2001.

2. Lessor covenants they own the above premises, that they have full power and authority to execute this agreement, and that they shall not permit anything to be done which will interfere with Lessee's use of these premises.

3. Lessee shall save Lessor harmless from all damage to persons or property resulting from the negligent acts of Lessee's agents or employees while working on Lessee's signs at these premises.

4. Lessee shall remain the owner of all signs Lessee places on these premises, shall retain the right to remove Lessee's signs at any time, and has permission to trim growth obstructing the visibility of Lessee's signs.

5. If Lessee is prevented by law from erecting or maintaining Lessee's signs on these premises, or the visibility of Lessee's signs becomes impaired, or the vehicular traffic passing these premises significantly diminishes, Lessee may terminate this agreement upon 30 days written notice to Lessor, receiving back from Lessor all unearned rent Lessee paid Lessor for the unexpired term.

6. In the event or threat of condemnation, Lessee's participation in any award granted shall be limited to damages to Lessee's leasehold interest.

7. This agreement is binding upon the heirs, assigns, successors and other parties in interest of both Lessor and Lessee.

8. After the term hereof, this agreement shall renew for a like term, unless terminated at the end of such term, or any additional term thereof, by either party serving written notice of termination no less than 30 days before the end of such term or additional term.

9. Any alleged breach of this agreement shall not be deemed a default which would justify termination, unless written notice of that alleged breach has been served by the protesting party, and said notice allows the other party at least 10 days after receipt of said notice to cure their alleged breach.

Accepted and Approved by LESSEE:

OUTDOOR SYSTEMS ADVERTISING

By: Robert M. Reade

Robert M. Reade
Real Estate Manager
2502 N. Black Canyon Highway
Phoenix, Arizona 85009
(602) 246-9569

Date: 5/20/96

Accepted and Approved by LESSOR:

By: Donald Woo

Woo Enterprises Inc.
2234 E. Rovey Avenue
Phoenix, Arizona 85016

Date: May-21-96

S.S. Or Tax I.D.#: 86-0456645